



Dialogue. Discourse. **Data.**
Sustainability: GRI report and
non-financial report for 2018

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Foreword by the CEO

Dear Readers,

The year 2018 was an important year on the path to creating a sustainable financial world and real economy. Driven by the European Commission's Sustainable Finance Agenda, Europe is currently setting the course for what the financial sector needs to do to support a sustainable, climate-friendly future. And KfW Group is taking a leading role in this development. For instance, KfW experts from the fields of sustainability management, financial markets and KfW Development Bank are collaborating with the EU's Technical Expert Group on Sustainable Finance on issues such as green taxonomy and green bonds.

KfW also laid the key groundwork in this area in 2018. At an organisational level we decided to incorporate sustainability management into Group development. And we also reinforced sustainability as part of our 2023 strategic objectives. As a promotional bank with a basic goal of ensuring sustainable development, we are now well positioned at organisational and strategic level. The requisite incentives are in place. Our financing activities are heavily – but not exclusively – geared towards looking after the climate. Our initiatives in the year under review include the Clean Oceans Initiative, through which we hope to contribute to the fight against the

pollution of our oceans. Our banking operations are already carbon-neutral to a wide extent, and we enjoy an excellent reputation as a responsible employer, as confirmed by the relevant ratings. Last year saw me take on the role of Chief Sustainability Officer at KfW in addition to my work as CEO, a move which highlights the significance awarded to this area here.

We approved a new sustainability mission statement at the beginning of the year, which explicitly references the Sustainable Development Goals and the Paris Climate Agreement. It also emphasises the need to support KfW's financing partners as they attempt to become more sustainable. With our in-house project, the KfW Roadmap Sustainable Finance, we are looking into options for significantly enhancing the approach to sustainability in the financing business. It is going to be an exciting year. By mid-2020, we will have a conclusive concept that demonstrates how KfW – as a sustainable bank – can make an even bigger contribution to achieving the Sustainable Development Goals.

Sustainable finance is the order of the day – in Germany, Europe and around the world. It is encouraging that key market participants are looking closely at the contribution



that the financial sector can and must make to creating a sustainable planet. Which is why sustainable finance is the focus of this report. We look forward to your feedback!

Yours sincerely,

Dr Günther Bräunig

Report profile

KfW Group's 2018 Sustainability Report is made up of three sections designed to appeal specifically to different readers.

This first section is a GRI report focusing on data and facts, which is geared towards specialists, analysts and investors. It also contains KfW Group's consolidated non-financial report in line with the CSR Directive Implementation Act and the German Commercial Code, sections 315b, 289b and 315c in conjunction with sections 289c–289e. Text that is marked in blue or tables marked with the symbol  relate to content in the non-financial report that is required under the CSR Directive Implementation Act. A decision has been made not to have the report audited externally for the year under review.

This GRI report applies to the entire KfW Group, which is composed of KfW, KfW Capital GmbH & Co. KG, KfW IPEX-Bank GmbH and DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH. Content that pertains only to individual parts of the group is marked accordingly. Where statements refer to KfW Group as a whole, the name 'KfW Group' is always mentioned once at the beginning of a contiguous text and subsequently abbreviated to 'KfW' for easier reading.

This report was prepared in accordance with the Global Reporting Initiative (GRI) Standards: Comprehensive option. In order to identify the relevant contents of the report, a materiality analysis was performed in 2017 and continues to apply today (→“Strategy” chapter, page 17 for details). Qualitative information in the report relates mainly to the 2018 financial year, while the key figures presented typically cover five years. The reporting date for quantitative data is 31 December 2018. Any deviations are marked accordingly.

The second section of the 2018 Sustainability Report is an online magazine directed at interested members of the public. The focus of the magazine for reporting year 2018 is urban development and mobility. The third section of the report is new (management) and sheds closer light on sustainability management issues at KfW Group. It is updated at regular intervals.

All three sections are available in electronic form only and can be accessed through a new →microsite. Two organisational changes took place during the year under review: The new subsidiary KfW Capital was established on 15 October 2018, and the domestic business was restructured (→“Business” chapter, page 36). The new subsidiary has been incorporated

into the information and data recording process wherever possible. Apart from these two changes, no material organisational changes occurred during the reporting period, meaning data is broadly comparable with the previous Sustainability Report. Any deviations from the previous report – for example, resulting from the restructuring of the domestic business – will be explained in each case. The copy deadline was 23 March 2019. A new →Glossary provides further information on specialist terminology relating to finance and sustainability.

KfW Group's Sustainability Report has been published every year since the reporting year 2017. KfW uses it as a basis to issue a declaration of conformity with the German Sustainability Code (DNK).

About KfW:

Bank committed to responsibility

Since it was set up 70 years ago, KfW Group has been financing and promoting the sustainable development of the economy, society and environment both in Germany and abroad on a statutory basis. This profile is what clearly sets KfW apart from commercial banks. Our commitment to society is reflected in our slogan “Bank committed to responsibility”.

As an institution under public law, 80% of which is owned by the German Federal Government, with the remaining 20% owned by the German federal states, KfW fulfils a steering role at state level. It is required to perform the tasks set forth in the Law Concerning KfW, which was enacted in 1948. This law has since been amended multiple times to account for current needs, most recently in August 2015.

KfW Group’s German headquarters are in Frankfurt am Main and it also has offices in Berlin, Bonn and Cologne. Its global network comprises almost 100 offices and representations.

In addition to KfW itself, KfW Group also contains several operating subsidiaries. The main subsidiaries are →[KfW IPEX-Bank GmbH](#), which provides export and project financing, →[DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH \(DEG\)](#), which promotes the private sector in developing and emerging economies, and – since 2018 – →[KfW Capital GmbH & Co. KG](#), which promotes the expansion of the German and European venture capital and venture debt markets by investing in funds. They are all wholly owned subsidiaries of KfW (see overview on page 6). KfW Development Bank is a division of KfW Group and performs specialist tasks in developing countries and emerging economies.

Finanzierungs- und Beratungsgesellschaft mbH (FuB) performs special tasks for the Federal Government, while Technologie-Beteiligungs-Gesellschaft mbH (tbG) handles old equity finance business. Both are also wholly owned subsidiaries of KfW. KfW holds strategic investments of 26% and 25% respectively in [Deutsche Energie-Agentur GmbH \(dena\)](#) and [Berliner Energieagentur GmbH \(BEA\)](#). It also holds further strategic investments in [True Sale International GmbH \(TSI, 7.7%\)](#) and [European Investment Fund \(EIF, 2.3%\)](#).

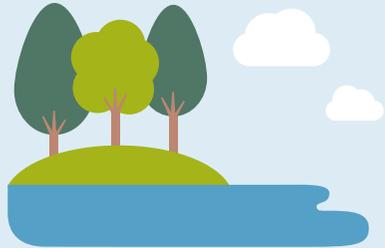
It also holds shares in the former state-owned enterprises [Deutsche Post AG \(20.5%\)](#) and [Deutsche Telekom AG \(17.4%\)](#) under holding arrangements with the Federal Government. KfW also holds an indirect 9.3% stake in [Airbus SE](#) via [GZBV mbH & Co. KG](#) as part of another holding arrangement with the Federal Government. Under another state arrangement, KfW owns 20% of [Eurogrid International CVBA](#), which also makes it an indirect stakeholder in [50 Hertz Transmission GmbH \(also 20%\)](#). Since 2013 it has consolidated its social engagement in the legally independent and operationally active foundation [KfW Stiftung](#).

KfW regularly consults with international banks, works closely with other development banks and supports governments of other countries in establishing promotional banks, for example in Greece and Portugal.

KfW Group’s fields of business, products and services

Domestic promotion			International business	
We promote Germany			We support internationalisation	We promote development
SME Bank & Private Clients	Customised Finance & Public Clients	KfW Capital	KfW IPEX-Bank	KfW Development Bank and DEG
<ul style="list-style-type: none"> - Digital mass business - Promotion of SMEs - Financing of industrial pollution control and energy efficiency measures - Financing of renewable energy - Financing of innovation and digitisation - Start-up finance - Financing for housing construction and modernisation - Education financing 	<ul style="list-style-type: none"> - Individual financing solutions and municipal financing - Customised corporate financing - Financing of municipal and social infrastructure projects - Individual financing for banks and state promotional institutes 	<ul style="list-style-type: none"> - Investments in venture capital and venture debt funds - Investments in venture capital and venture debt funds for financing technology-based start-ups 	<ul style="list-style-type: none"> - International export and project financing - Financing for German and European exports - Financing for projects and investments in German and European interests 	<ul style="list-style-type: none"> - Promotion of developing countries and emerging economies - Financing of reform programmes and development projects (KfW Development Bank) - Financing for private enterprise (DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH)

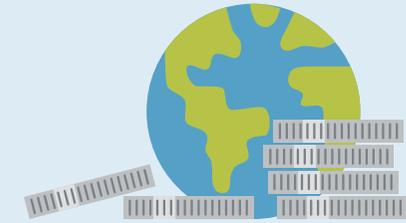
KfW in figures



40% of the commitment volume was allocated to climate action and environmental protection (2017: 43%)

EUR 75.5

billion in commitments in 2018
(2017: EUR 76.5 billion)



EUR 1.6 billion in green bonds issued by KfW
(2017: 3.7 billion)



33.2% of management roles in KfW Group are filled by women (2017: 31.4%)

22

employees are responsible for assessing the environmental and social impacts of KfW financing (2017: 20)

6,569

staff are employed at KfW Group
(2017: 6,286)

Top scores

in major sustainability ratings: Sustainalytics (first place among national and international promotional banks), imug (second place), ISS-oekom (prime status with C+ rating)

»»» Strategy

How we keep improving the sustainability of KfW's work

Working on behalf of and as a partner of the Federal Republic and the federal states, KfW Group is committed to achieving sustainable development and lasting improvements to people's living conditions – both in Germany and abroad. KfW's business and sustainability strategy are closely linked. Sustainable approaches at a number of levels are increasingly impacting our strategy and day-to-day work.



By 2020, the KfW Roadmap Sustainable Finance will help us to enhance our approach to sustainability



Five areas of action are incorporated into KfW's new sustainability mission statement



Top 5 in international sustainability ratings – this goal was embedded in our strategic objectives in 2018

Promotion of sustainable development

KfW Group sees its work as a contribution to sustainable development. As a promotional bank acting on behalf of the German Federal Government and the federal states, it bears a special responsibility for improving economic, social and ecological living conditions.

KfW Group's financing business contributes to achieving the United Nations' Sustainable Development Goals (SDGs) – the internationally recognised reference framework for sustainable development. To do this, it funds key fields of promotion: climate action and environmental protection, innovation, small and medium-sized enterprises and start-ups, infrastructure investments by municipalities, communities and municipally owned enterprises, student and educational loans, export and project finance, and the promotion of developing and emerging-market countries.

Furthermore, KfW Group is committed to a series of other relevant international frameworks for sustainable development. These include, in particular, the goals of the Paris Climate Agreement for limiting global warming and the National Action Plan for Business and Human Rights (NAP; →Page 13), an initiative set up by the German Federal Government to promote responsible globalisation.

In 2018, KfW geared most of its promotional activities towards the socially and economically important megatrends of “Climate change & environment”, “globalisation”, “Social transformation” and “Digitisation & innovation”. KfW also addresses promotional issues that play an important role

for sustainable development but are not specific to any of the four megatrends, such as combating poverty in developing countries and general corporate finance (→“Business” chapter, page 39).

To make sure high environmental and social standards are incorporated into KfW Group's products and services, any projects that receive funding – particularly those in developing countries and emerging economies – are subjected to a comprehensive environmental and social impact assessment (ESIA) (→“Business” chapter, page 48). The group regularly speaks to stakeholders about the decision-making and assessment processes used as a basis for ESIA's.

Equal importance is given to full compliance with legal obligations and the group's internal requirements for the prevention of fraud, corruption and money-laundering (→“Corporate governance” chapter). KfW Group's employee policies are primarily focused on gender equality and balancing work and family life (→“Employees” chapter). As a sustainable bank, we also assign particular importance to the green bond purchase programme commissioned by the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU), the issuance of KfW Green Bonds, and the application of sustainability criteria when managing the liquidity portfolio (→“Banking operations” chapter).

2023 Strategic Objectives

Primary Goal / Mission			
Promotion			
Improving economic, social and ecological living conditions in Germany, Europe and worldwide. Focusing on funding German SMEs			
Promotional Principles			
Subsidiarity	Megatrends Focus		Sustainability
Keep a high level of promotional quality	Climate change & environment		Top ranking in sustainability ratings
Moderate development of new commitment volume in line with the growth of nominal GDP	Globalisation		
	Social transformation		
	Digitisation & innovation		
Secondary Goals			
Profitability & Efficiency	Risk & Capital	Regulation & Processes	Customer & Employee Orientation
Consolidated Profit	Total capital ratio > regulatory requirements + buffer	Reduction of regulatory findings	Customer satisfaction
Restriction of the rise in administration costs	Leverage ratio	Reduction of capital add-ons	Brand awareness & Brand profiling
	Economic coverage ratio	Efficient increase of process quality	Employer attractiveness
Digitisation and agile approach as a basic requirement to achieve strategic goals			

Sustainability within our strategic objectives

KfW Group has been following a set of strategic objectives since 2012. These objectives define the bank's target position over the medium term and are a binding part of the strategic approach applied by all business sectors. These strategic objectives set out primary and secondary objectives for the bank as a whole. The primary goal – improving economic, social and ecological living conditions in Germany, Europe and worldwide – should therefore be achieved with the support of the two promotional principles of subsidiarity and sustainability, along with a focus on megatrends. This is built on a foundation of four secondary target areas with their own economic control variables and other quantitative variables.

Top rankings in relevant sustainability ratings was added as a core factor in the promotion principle of sustainability in 2018. KfW is therefore opening itself up to the assessment of external ratings agencies and has made a top-5 rating among national and international promotional banks in the most relevant ratings an important performance incentive within the group. The new 2023 Strategic Objectives apply from financial year 2019 onwards.

Roadmap to enhance sustainability

As a bank committed to responsibility, KfW Group has set itself the goal of integrating sustainability even more deeply into the group in the future. In mid-2018, the KfW Executive Board commissioned a new in-house project, the KfW Roadmap Sustainable Finance, with the aim of creating a stringent, multi-dimensional sustainability concept for KfW Group by 2020. The goal is to embed the issue of sustainability even further into all areas of the group's business. Specifically, we want the roadmap to help us contribute to the United Nations' SDGs and support the implementation of the Paris climate objectives.

Involving a range of central and all market units, work on the roadmap has been broken down into five sub-projects: the mission statement, a steering strategy, risk management, communication and governance. The plan is to complete the project in 2020, when a comprehensive strategy will be presented at a meeting of the Executive Board.

Top 5

in international sustainability ratings – this goal was embedded in our strategic objectives in 2018

The five sub-projects in the KfW Roadmap Sustainable Finance



This first sub-project has developed a new sustainability mission statement, which replaces KfW’s old sustainability guidelines. It explains the background and relevance of KfW Group’s sustainability targets and the approach to achieving them within various areas of action. Sub-project 2 involves the analysis of various management concepts for climate and sustainability targets, such as the carbon footprint, 2-degree climate compatibility and SDG contribution. These analyses are then used to develop suitable courses of action for enhancing group-wide bank management from a sustainability perspective. Sub-project 3 looks at how ESG (environmental, social and governance) and climate risks affect the bank’s exposure to risk. The results of this third sub-project saw KfW become the first German, unilateral promotional bank to sign up as an official supporter of the

Task Force on Climate-related Financial Disclosures (TCFD) in October 2018. The sub-project is now looking at how the TCFD’s recommendations on climate risk analysis can be implemented at KfW Group.

Sub-project 4 is developing internal and external communication strategies to help KfW position itself as a sustainable financial institution as well as an opinion leader and contributor in the world of sustainable development. In sub-project 5, existing sustainability management structures that are downstream in time are reviewed and adjusted with regard to new tasks arising from the other sub-projects.

By **2020**,
the KfW Roadmap Sustainable Finance will help us to enhance our approach to sustainability

New sustainability mission statement replaces sustainability guidelines

Introduced in February 2019, the new [→sustainability mission statement](#) (German only) is made up of a programme-related preamble and explanations of the five areas of action that shape KfW's approach to sustainability:

- Banking business, made up of the dimensions of financing, capital market and credit risk
- KfW's role as a responsible employer
- Banking operations consisting of the areas of corporate governance/compliance, in-house environmental protection, procurement and social engagement
- Sustainability management structure and a detailed breakdown of responsibilities
- Sustainability-related communication, made up of stakeholder dialogue, the Sustainability Report and an online sustainability portal

Protecting human rights

The protection of human rights also forms a central part of the international community's efforts to improve sustainable development. In light of this, KfW Group published a [→Declaration of KfW Group on respect for human rights in its business operations](#) back in 2008. In this declaration, it explicitly commits itself to the protection of human rights and declares its stance on complying with the International Labour Organization's (ILO) core labour standards and the prevention of forced labour, child labour and discrimination. Furthermore, human rights form part of the [→guiding principles of German development cooperation](#); KfW Development Bank therefore follows the [→Guideline](#) issued by the German Federal Government in 2013 in order to incorporate the principles of human rights into its development cooperation.

KfW Group welcomes the Federal Government's initiative to raise German companies' awareness of human rights as part of the NAP. It promotes the protection of human rights, tolerance and the prevention of discrimination as part of its employee code of conduct. It has also incorporated social and ecological criteria into its procurement policy (including risks relevant to human rights, [→“Banking operations” chapter, page 97](#)) and performs comprehensive environmental and social impact assessments of projects in developing countries and emerging economies. In this context, the NAP's provisions relating to complaints mechanisms also apply ([→“Business” chapter, page 52](#)).



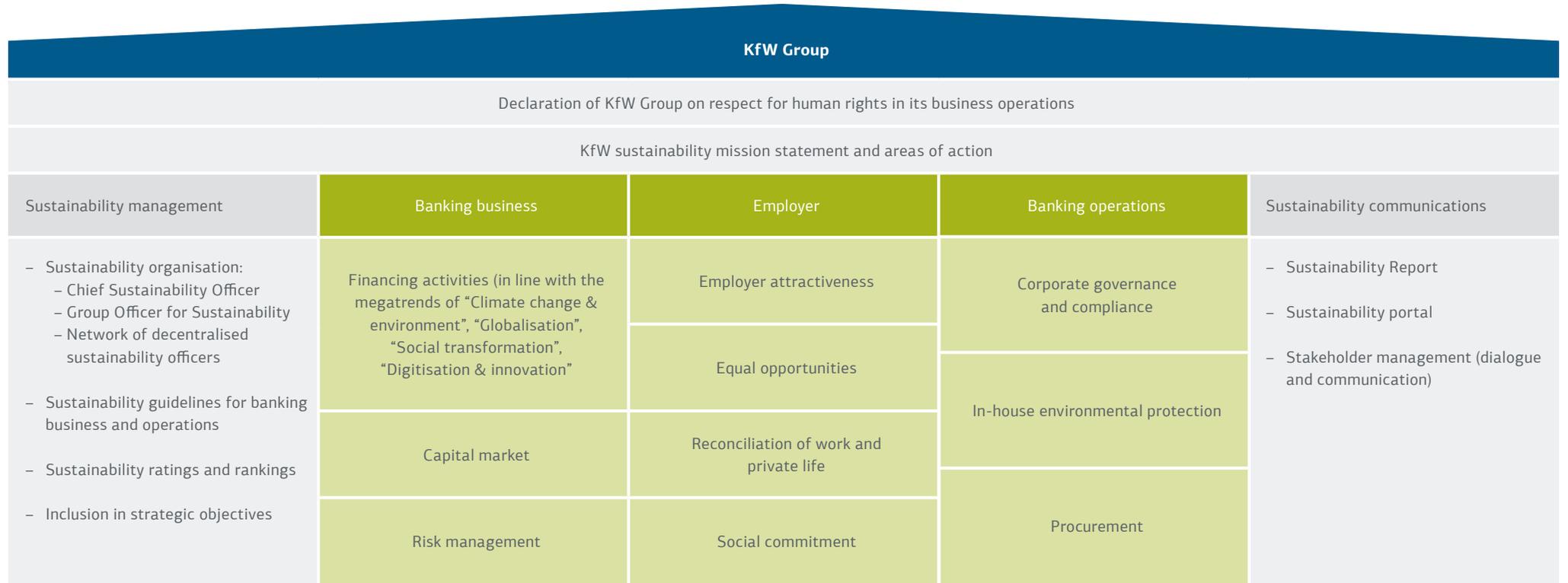
Visualise human rights

On 10 December every year, the world celebrates International Human Rights Day, the day on which the Universal Declaration of Human Rights was first signed. To mark the 70th anniversary this year, KfW published information on its own approach to human rights. It hosted an information event for employees at the Wandelhalle in Frankfurt under the motto “Visualise human rights – What is the status on human rights?” Running up to the event, it organised a photo contest, asking employees to enter their own pictures that they thought represented the topic. Prizes were awarded to the top three entries.



KfW has been working hard to protect human rights for years

Sustainability approach and key areas of activity



Stakeholder dialogue

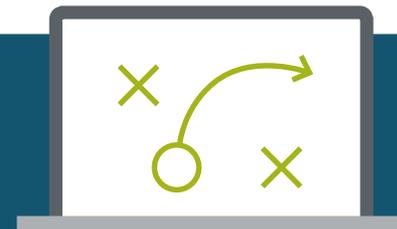
KfW also seeks ongoing dialogue with experts and initiators from its stakeholder environment to further enhance its sustainability strategy. KfW regards stakeholder dialogue as a constructive, open exchange where all parties are on equal footing. This means KfW benefits from the knowledge and experience of its stakeholders, and at the same time shares information about its activities and looks at its actions with a critical eye. The process may also require KfW to explain and promote any stance it takes that deviates from some stakeholders' expectations after considering its own corporate policies and strategy. Specifically, KfW uses a range of different formats and events:

- An annual Stakeholder Round Table on an ever-changing roster of topics in order to gain insight into stakeholders' expectations and opinions. It takes place during the preparations for the Sustainability Report. Stakeholders were also consulted on the issue of sustainable finance for the preparation of this Sustainability Report. The results of this meeting are presented to the Executive Board and incorporated into the company's strategic development.
- In 2018, KfW launched the Stakeholder Panel, which reflects the whole array of stakeholders in the area of sustainability. From 2019, the members of the panel will be interviewed once a year on various issues and aspects of sustainability and will therefore act as direct consultants. This event will also provide KfW with valuable insight.
- KfW's participation in conferences and network meetings enables it to maintain ongoing dialogue with its stakeholders during the year.

- When necessary, KfW holds bilateral meetings on key changes and milestones in its sustainability strategy.

KfW Group is a globally active promotional bank established as a public law institution and interacts with a wide range of international stakeholder groups from all areas of society on a daily basis. Stakeholders that are important for KfW come from organisations or the general public who are influenced by the activities of KfW Group or who themselves can influence the group's activities. Key stakeholders include:

- Shareholders, public sector clients and strategic partners in politics and business
- End clients and borrowers from its promotional programmes, clients in foreign transactions
- Financing and business partners in domestic and foreign business transactions
- Representatives from the media, the research community, supra-national interest groups and non-governmental organisations (NGOs)
- Analysts, representatives from rating agencies and initiatives, investors and issuers
- Suppliers
- Local residents at KfW locations
- (Potential) employees
- The general public



From 2019 onwards, a new Stakeholder Panel will advise KfW Group on issues related to its sustainability strategy

Dialogue on sustainable finance

KfW Group's key stakeholders increasingly regard the company as a pioneer, particularly when it comes to sustainable finance. At the KfW Stakeholder Round Table 2019, which was held in Berlin on 26 February, this was found to be the main thing that stakeholders currently expect from KfW. KfW invited participants to discuss how the financial industry can promote sustainable transformation in the real economy and how KfW in particular should respond to the EU Action Plan on Sustainable Finance. Even stakeholders from opposite ends of the spectrum were able to agree that, as a promotional bank, KfW should be providing guidance and acting as a role model. The wide range of suggestions will now be incorporated into ongoing strategic development. Further information about the KfW Stakeholder Round Table is available on our Sustainability Report website.

Association forums and memberships

Forums for dialogue with stakeholders also include the various associations and initiatives in which representatives of KfW Group actively participate or hold honorary positions or mandates. These include:

- Asia-Pacific Committee of German Business
- German Federal Institute for Geosciences and Natural Resources
- Women's Career Index Initiative
- German Near and Middle East Association
- East-Asian Association

KfW Group also supports a number of external initiatives whose orientation, guiding principles and programming it supports. Further memberships of associations and initiatives dedicated to sustainability include:

- Association of European Development Finance Institutions (EDFI) (via DEG)
- Association of German Public Banks
- Carbon Disclosure Project (CDP)
- Climate Action in Financial Institutions
- Conservation Finance Alliance (CFA)
- Equator Principles Association (via KfW IPEX-Bank)
- Extractive Industries Transparency Initiative (EITI)
- Green and Sustainable Finance Cluster Germany e. V. (GSFCG)
- International Development Finance Club (IDFC)
- Resource Efficiency Network
- Principles for Responsible Investment (PRI)
- Transparency International Germany
- United Nations Environment Programme – Finance Initiative (UNEP-FI)
- Association for Environmental Management and Sustainability in Banks, Savings Banks and Insurance Companies

KfW representatives sit on the supervisory boards of various organisations including DEG and KfW IPEX-Bank as well as dena and BEA, two companies in which it holds shares.



Analysis of key issues

In 2017, KfW Group's central sustainability management team conducted a comprehensive materiality analysis. A stakeholder expert panel was also involved in the analysis. The goal was to define the material aspects pertaining to the implementation of the CSR Directive Implementation Act and to identify the key issues required for reporting in accordance with the Global Reporting Initiative (GRI) (→ "Report profile", page 4). This analysis and its results remain valid for KfW's 2018 reporting process. These issues will be reassessed in 2019 by our new Stakeholder Panel.

Please refer to the →2017 Sustainability Report, page 12–16 for the approach used to identify the context for sustainability, the various perspectives incorporated into the assessment, the anticipated impact of the issues on sustainability aspects, and the relevance of the identified issues for KfW Group's business and its stakeholders.

The table lists the 17 identified issues, explains their relevance to KfW's business and shows how they were perceived by stakeholders. Column 2 (positive impact) reveals how KfW can contribute to the achievement of the Sustainable Development Goals (SDGs) in the area in question. In turn, column 3 (negative impact) presents the potential negative effects that could be expected should KfW fail to act in this area. Furthermore, the table also shows how each issue is related to the materiality requirements in the GRI standards set out in the CSR Directive Implementation Act.



We will also be using our new Stakeholder Panel to update our materiality analysis

Key issues

Issue	Stakeholder relevance	Positive impact	Negative impact	Business relevance	Material under GRI: Categorisation of GRI topics	Material under CSR Implementation Act: Categorisation of non-financial report aspects
Business						
Financing: climate and environmental protection	High	High	High	Yes	Material (Economic performance, indirect economic impact, product portfolio, biodiversity)	Material (Environmental concerns)
Financing: poverty reduction	Medium	High	High	Yes	Material (Economic performance, indirect economic impact, product portfolio)	Material (Social concerns, respect for human rights)
Financing: SMEs and start-up entrepreneurs in Germany	Medium	Low	Medium	Yes	Material (Economic performance, indirect economic impact, product portfolio)	Material (Social concerns)
Financing: globalisation, technological progress and digitisation ¹	Low	Medium	Medium	Yes	Material (Economic performance, indirect economic impact, product portfolio)	Material (Social concerns)
Financing: social transformation ¹	Low	Medium	Medium	Yes	Material (Economic performance, indirect economic impact, product portfolio)	Material (Social concerns)
Responsible financing	High	Medium	High	Yes	Material (Product portfolio, audit, rights of indigenous peoples, audit of human rights performance)	Material (Respect for human rights, social concerns and environmental concerns)
Sustainable investment and green bond issuance	Medium	Low	Low	No	Material (Product portfolio)	Not material
Green bond purchasing programme	Medium	Medium	Medium	Yes	Material (Product portfolio)	Material (Environmental concerns)

¹ This title has been adjusted after the megatrends were renamed in 2018.

Key issues

Issue	Stakeholder relevance	Positive impact	Negative impact	Business relevance	Material under GRI: Categorisation of GRI topics	Material under CSR Implementation Act: Categorisation of non-financial report aspects
Banking operations						
Transparency and stakeholder communication	Medium	Low	Low	Yes	Material (Politics, protection of customer's privacy, marketing and labelling)	Not material
Responsible procurement	Medium	Low	Low	Yes	Material (Procurement, assessment of suppliers with regard to ecological and social aspects)	Not material
In-house environmental protection	Medium	Negligible	Low	Yes	Material (Materials, energy, water, emissions, waste and wastewater, environmental compliance)	Not material
Compliance	High	Low	Medium	Yes	Material (Fight against corruption, anti-competitive behaviour, socio-economic compliance, environmental compliance)	Material (Fight against corruption and bribery)
Responsible and attractive employment	Medium	Negligible	Negligible	Yes	Material (Employment, employer-employee relationship, right to freedom of association and collective bargaining agreements)	Not material
Diversity and equal opportunities	Medium	Low	Medium	Yes	Material (Market presence, diversity and equal opportunity, gender equality)	Material (Employee concerns)
Training and education	Low	Negligible	Negligible	No	Not material	Not material
Occupational health and safety	Medium	Negligible	Negligible	No	Material (Occupational health and safety)	Not material
Social commitment	Low	Negligible	Negligible	No	Not material	Not material

According to the GRI's definitions, 15 of the 17 issues were categorised as material. In addition to all business aspects, many aspects of banking operations are important for GRI reporting because the interviewed stakeholders attributed significant relevance to these aspects. Only the aspects "training and education" and "social commitment" were regarded as non-material but are nevertheless included in the present report because they are of relevance for specific stakeholders of KfW.

For the consolidated non-financial report in compliance with the CSR Directive Implementation Act, on the other hand, only some aspects – nine altogether – are material. According to the CSR Directive Implementation Act, aspects that have both a significant impact and significant business relevance are primarily those that are clearly related to KfW's and KfW Group's core business and address important areas of promotion such as the financing of climate action and environmental protection. It is here that KfW Group has a particularly strong influence on sustainable development. In the context of KfW Group's banking operations, these criteria apply solely to the issues "Compliance" and "Diversity and equal opportunities". Other internal issues such as "responsible and attractive employment" or "in-house environmental protection" have business relevance, although their impact on the SDGs is not significant given the relatively small workforce and low number of office buildings in comparison with retail banks.

"Climate change & environment", "Globalisation", "Social transformation", and "Digitisation & innovation" are available in consolidated form in the chapter "Business" from page 35 onwards. Information on the "Green bond purchasing programme" is available in the chapter "KfW in the capital market" from page 98 onwards. We have provided information on the issues "Compliance" in the chapter "Corporate governance" from page 31 and report on "Diversity and equal opportunities" in the chapter "Employees" from page 62.

Risk assessment

As a starting point for the risk assessment to be conducted in the meaning of the CSR Directive Implementation Act, an analysis of the potential negative impacts of KfW's and KfW Group's actions was performed during the 2017 materiality assessment. According to the CSR Directive Implementation Act, only risks that are very likely to have a serious negative impact on non-financial matters must be reported. Accordingly, the risk assessment examined potentially serious negative impacts that KfW or KfW Group could have on non-financial matters (gross risks). In addition, the central sustainability management team estimated the likelihood of occurrence of potentially serious negative impacts in a separate process. No material non-financial risks with a high probability of occurrence were identified.

Sustainability programme

KfW Group has set goals with deadlines in the 2019 Sustainability Programme in order to further improve its sustainability performance. However, the scheduling of certain measures is not pegged to the year under review, such as those that extend over two or more years or those that aim to achieve an ongoing improvement process. A selection of the central issues and measures is presented below, broken down

according to the five areas of action in the new sustainability mission statement. Because the way in which the issues and goals are categorised and presented has changed, they can be compared to the sustainability programme of previous years to a limited extent only. The complete programme is available on the KfW Sustainability Portal [→online](#) (German only).

Area of action and issue	Objective	Target year	Measures	Status (end of 2018)
Banking business				
Treasury and capital market	Target volume of green bond portfolio on behalf of the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety: EUR 2 billion; new investments in 2019: EUR 300 million	2022	Investment in green bonds	In progress; status: approx. EUR 1.3 billion
Treasury and capital market	Regular issuance of green bonds and improved dialogue with stakeholders	Ongoing	Issuance of KfW Green Bonds	In progress; status: EUR 1.6 billion
Treasury and capital market	Implementation of a sustainable investment approach	Ongoing	New investments in treasury portfolio taking into account the best-in-class approach	In progress
Financing activities	Climate mainstreaming in Financial Cooperation (FC)	2019	Consolidation of marker allocation, climate evaluation and impact assessment	Process has been drafted, negotiated and approved
Financing activities	Improved transparency in the recording of greenhouse gas (GHG) reductions in FC projects	2019	Development of guidelines for GHG calculation in the energy sector and land utilisation	In progress
Financing activities	Promotional strategy for energy efficiency and heat from renewable energy (RE) in business; here: annual savings of 2.8 million t of CO ₂ in the Energy Efficiency and Process Heat from RE programme (295)	2023	Support from the Federal Ministry for Economic Affairs and Energy (BMWi) during implementation	In progress
Financing activities	Promotional strategy for energy efficiency and heat from renewable energy (RE) in business (promotion for construction projects)	2019	Adjustment of promotion for construction projects	In progress
Financing activities	Promotional strategy for energy efficiency and heat from renewable energy (RE) in business (promotion for construction projects for non-residential buildings)	2020	Revision of promotion for construction projects for non-residential buildings	In progress

Area of action and issue	Objective	Target year	Measures	Status (end of 2018)
Employer				
Equality	Increase the proportion of women in management and senior specialist positions at KfW. Target quota of 35% among team leaders, 26% among divisional management and 17% among departmental management.	2019	Implementation of the Equal Opportunities Plan 2016 – 2019; see page 63	In progress
Equality	Enhancement of equality at KfW in terms of all aspects of diversity	2019	Deliberate promotion of inclusion in everyday working life, e.g. through the formation of inclusive teams	Establishment of suitable approaches to addressing specific groups and increased recruitment of people with disabilities now complete and transferred to regular processes
Employer appeal	Development of the range of further education opportunities and manager development	Ongoing	Development of Digital Academy in conjunction with the Group Development division, roll-out of Q-programme by BDT (divisional officer for digital transformation); development of methodological skills in agile working methods such as Scrum and Design Thinking	BDT qualification has begun; project order for the Transition Team Scrum (TTS) extended by one year
Employer appeal	Protection of employees' psychosocial health	2019	Development and roll-out of a concept to provide psychosocial support for employees travelling abroad	In progress
Employer appeal	Promotion of the physical, mental and social health of employees	2020	Implementation of a strategy for operational integration management; improved awareness of health issues	Strategy development complete; issues to be implemented in 2019 defined
Work-life balance	Optimisation of the work-life balance; reconciliation of family, profession and care	2019	Improved awareness among employees, in part through presentations on the topics of dementia and the ability to reconcile private and professional life; formation of a fathers' and care network	Range of support services developed, including child daycare and care for the elderly
Banking operations				
Procurement	Development of sustainable supply chain management	Ongoing	Survey of the main suppliers regarding sustainability aspects; implementation of four supplier audits per year for monitoring on site	In progress
Procurement	Use of organic foods and ingredients and promotion of sustainability in employee catering; proportion of approx. 25%	From 2019	Consideration of organic certification in procurement; selection of suppliers with a sustainability concept; increased purchasing of regional products	Strategy introduced; ongoing enhancement
Procurement	Reduction of printer power consumption by 40%; reduction of printer particle emissions by 70%; reduction of benzene, ozone and styrene to values below the measurement threshold	2019	Replacement of printers with models with lower power consumption and lower particle and pollutant emissions	Strategy development complete; implementation from January 2019
In-house environmental protection	Future-proof energy supply at the site in Frankfurt; saving of CO ₂ emissions by approx. 1,500 t/year	2019	Conversion of heating and cooling systems (since 2016)	Conversion measures up to 90% complete; completion expected approx. March 2019

Area of action and issue	Objective	Target year	Measures	Status (end of 2018)
In-house environmental protection	Improvement to sustainability of KfW events	2020	Workshop on this issue during the course of 2019	In progress; measures for reducing the use of plastic in the events service and in the procurement of foods already implemented
In-house environmental protection	Reduction of the climate and environmental impact of business travel and the vehicle fleet	2020	Introduction of bicycle leasing; development of a new mobility guideline at KfW; stronger focus on sustainability aspects in the issue of business travel: use of rail for national journeys and avoidance of travel through video conferences	Due to bottlenecks, the introduction of bicycle leasing is not being pursued further at present; the other measures are currently in progress
Corporate governance and compliance	Efficient identification of compliance risks for the active control of non-financial risks (NFR)	2020	Introduction of an IT-based data capture and processing tool for the compliance risk assessment of financial fc projects	In progress
Sustainability management				
	Development of the KfW Roadmap Sustainable Finance	2020	Five sub-projects (SP); see page 12	SP1 (sustainability mission statement) complete; work on SP2-4 in progress
	Further development of sustainability activities	2019	Update of the three sets of sustainability guidelines: for domestic promotional financing, for KfW Development Bank and for in-house environmental protection	In progress
	First-class rating (among the top 5) in crucial sustainability ratings (imug, Sustainalytics, ISS oekom) compared to the peer group	2019	Implementation of planned measures and incorporation of the rating results into strategic corporate developments; transparent communications	Status: Sustainalytics (first place in comparison to international and national development banks), imug (second place), ISS-oekom (prime status with C+)
Sustainability communications				
	Extensive sustainability reporting; annual	2018	Switch to annual reporting	Completed
	Greater transparency through systematic information on environmental and social compatibility in FC	2019	Development and introduction of a strategy	In progress
	More target-oriented sustainability communications	2019	Enhancement of the sustainability communications concept, including a new stakeholder panel	In progress
	Improved to stakeholder dialogue: adjustment of the complaint management system in line with international standards	2019	Enhanced complaints management structure for FC with addition of an external panel of experts	In progress

»»» Corporate governance

How we are incorporating sustainability into our organisational structures

For KfW Group, sustainability is what guides responsible action in corporate management. From a mission statement and specific guidelines through to the operational management strategy, we use well-oiled processes that emphasise our commitment and make sure that our company's bodies and their members act in compliance with the law.



New structure – Sustainability Management has been part of the Group's strategy unit since 2018



ESG and climate risks receive more attention as part of the KfW Roadmap Sustainable Finance



Design Thinking was launched by KfW IPEX-Bank in 2018 to deliver innovative ideas for the future

Corporate governance

KfW's Executive Board, which is chaired by Dr Günther Bräunig, is responsible for managing business in accordance with the Law Concerning KfW, the KfW Bylaws and the procedural rules. A schedule of responsibilities stipulates their responsibilities. Significant changes require the approval of the Presidial and Nomination Committee. As a public-law institution, KfW is orientated on the principles of the Public Corporate Governance Code of the German Federal Government (PCGC), a document based on the legal framework for public limited companies. KfW explains how it fulfils these principles in its annual Declaration of Conformity in the Annual Report. For majority shareholdings, KfW in general assesses whether shareholder resolutions are consistent with the bank's sustainability principles.

KfW regularly offers training to the members of its Executive Board, for example, upon their appointment to a new role. This process is also based on an existing concept for providing the Executive Board with information about relevant legal (regulatory) requirements and obligations.

Remuneration

Based on the remuneration system of KfW Group, the Executive Board members – one of whom is a woman – are appropriately compensated in accordance with their duties and responsibilities. None of the members of the Executive Board received variable components in their remuneration in 2018. The members of the Board of Supervisory Directors are paid a remuneration, the amount of which is determined by the authority exercising legal supervision in accordance with Article 7 (10) of the KfW Bylaws. Further details regarding

remuneration, including a breakdown of the remuneration paid to the individual members of the Executive Board and the members of the Board of Supervisory Directors, can be found in the 2018 Financial Report, pages 208–216 (Information on employee remuneration → “Employees” chapter, page 59).

The Remuneration Committee of the Board of Supervisory Directors deals with remuneration matters and also acts in the interest of the shareholders as important stakeholders. In particular, it looks at the appropriateness of the structure of the remuneration systems for the KfW Executive Board and employees and advises the Presidial and Nomination Committee on remuneration of the Executive Board members.

Supervisory bodies

Several institutions are involved in supervising KfW Group. The supreme governing body is the Board of Supervisory Directors. According to the Law Concerning KfW, this is composed of 37 members, including four women in 2018 (approx. 11%). It is chaired in alternating years by the Federal Minister of Finance and the Federal Minister for Economic Affairs and Energy. The KfW Executive Board consults with them on key questions regarding corporate governance and strategy. The Board of Supervisory Directors meets at least three times a year. The Executive Board informs the Board of Supervisory Directors about all relevant aspects of planning, business development, risk position and management, and the financial situation. Once a year it also provides separate information about sustainability issues. With the exception of the Federal Ministers, the members of the Board of Supervisory Directors are appointed for three years, and one

Approx. **11%**
of the KfW Board of
Supervisory Directors
are women

third of the members are replaced every year. To avoid conflicts of interest, they may not have any business or personal relationships with KfW or its Executive Board.

The Board of Supervisory Directors maintains four committees which make their work more efficient: the Presidial and Nomination Committee, the Remuneration Committee, the Risk and Credit Committee, and the Audit Committee (for the individual duties please see p. 24 of the 2018 Financial Report). The Presidial and Nomination Committee evaluates the performance of the Board of Supervisory Directors and the Executive Board on an annual basis (pursuant to Section 25d (11) of the German Banking Act). To expand their knowledge with regard to their role or regulatory matters, KfW offers the members of the Board of Supervisory Directors quarterly training courses by external experts. It also provides a budget for their participation in external events.

The SME Advisory Council (Mittelstandsrat) specifies KfW's state mandate for the support of small and medium-sized enterprises. The Executive Board apprises the Council at least once a year about programmes that are underway or planned for the medium term, and submits alternative proposals on request. The SME Advisory Council is composed of eleven representatives or appointed members of the German Federal Government and is chaired by the Federal Minister for Economic Affairs and Energy. The Supreme Audit Institution (Bundesrechnungshof) and the Federal Financial Supervisory Authority (BaFin) also exercise further oversight functions. KfW is also subject in parts to the regulatory standards of the German Banking Act (KWG).

Sustainability organisation

As an organisation that feels especially committed to sustainable development in Germany and worldwide, we see sustainability as a particularly important factor in the direction of our core business and the management of our company. At the beginning of 2019, the KfW Executive Board approved a new, comprehensive →[sustainability mission statement](#) (German only) that replaces the previous →[KfW's sustainability guidelines](#). It consists of a new programme-based mission statement and also sets out a sustainability management structure throughout the five areas of action: banking business, banking operations, employer, sustainability management and sustainability communications (→[“Strategy” chapter, page 13](#)). It is based on foundations such as the requirement to focus more than one third (35%) of the total annual new commitment volume on the key area of climate change and environmental protection, a requirement that has been in place since 2012. This target rate is also part of KfW Group's strategic objectives, which define the bank's medium-term target positioning, and is obligatory for the strategic direction of all business sectors.

Furthermore, action area 2 (“Employer”) of KfW's sustainability mission statement also specifies a target quota to ensure equal opportunities for women in management. The areas of action also contain theme-based sustainability guidelines, such as group-wide guidelines for in-house environmental protection (→[Page 85](#)) and responsible procurement (→[Page 96](#)).



The new sustainability mission statement provides the framework for sustainability management throughout the five areas of action at KfW

The subsidiaries' sustainability guidelines follow the group sustainability mission statement and provide further details to its directives for the specific business sectors. This applies equally to the sustainability guidelines of KfW Development Bank and KfW IPEX-Bank and to the environmental and social guidelines of DEG, as well as to the joint sustainability guidelines for domestic promotional financing.

Specific sustainability guidelines for the areas of business ecology and procurement also provide further details regarding the areas of actions specified in the new sustainability mission statement by defining the various spheres of responsibility and procedures.

Areas of responsibility and organisation

Overall responsibility for KfW's sustainability strategy and communication lies with the Chief Executive Officer, who also exercises the function of Chief Sustainability Officer. Together with the Executive Board members responsible for the individual business sectors and the management boards of DEG and KfW IPEX-Bank, he thereby also ensures operational implementation of sustainability-related issues with regard to sustainable financing transactions and sustainable banking operations.

In financial year 2018, KfW's Sustainability Management team was incorporated into Group Development, where it became part of the "Corporate Strategy and Sustainability" department (see organisational chart overleaf). The Group Sustainability Officer represents the topic within this department. He coordinates the work performed by the Group Environment and Climate Steering Committee (KUK), which is responsible for sustainability management within business operations, and the Task Force on Business Ecology. These two committees consolidate the work performed by the 15 decentralised sustainability officers from all relevant organisational units (subsidiaries and business areas).

The KUK facilitates group-wide exchange on financing activities in the area of climate action and environmental protection, and provides impetus for the further development of procedures and standards for environmental and social impact assessments. The Task Force on Business Ecology has various duties, including directing the further development of the Sustainability Programme as it relates to in-house environmental protection (→Page 22–23).



The Sustainability Management team has been part of the Group's strategy unit since 2018

Organisational chart for sustainability management at KfW Group



The Group Sustainability Officer and the decentralised sustainability officers from the market areas and central units cooperate in developing proposals for decision by the Executive Board. In addition, the formulation and implementation of KfW’s Sustainability Programme (→“Strategy” chapter, page 21–23) generates new policies and measures for specific themes from the areas of banking business and

banking operations. Depending on their area of activity, they are approved in part by the persons responsible for the respective market areas or central units and in part by the Executive Board. The Sustainability Report is also signed off by KfW’s Executive Board and presented to the Board of Supervisory Directors for information.

Risk management

The Executive Board is responsible for central decisions regarding risk policy. Consistent with the business strategy, a risk strategy is determined annually and thereby defines the framework for business activity with regard to risk tolerance and risk capacity. Compliance with the risk strategy is monitored continuously. The bank's overall risk situation is comprehensively analysed in monthly risk reports to the Executive Board. The Board of Supervisory Directors is informed at least quarterly. Risks within the group are managed by various decision-making bodies, who work closely together. Below the Executive Board, three risk committees prepare decisions to be passed by the Executive Board and make independent decisions within their own remits.

- The Credit Risk Committee makes weekly credit decisions and prepares these for the Executive Board or the Risk and Credit Committee. In quarterly extended sessions, it makes decisions regarding potential changes to the methods for assessing credit risk. It also monitors industry and country risks.

- The Market Price Risk Committee, which convenes monthly, makes decisions on various issues, including the assumption of market price risks, changes in risk measurement methods and the valuation of securities. It also prepares decisions to be approved by the Executive Board relating to interest rate risk positions, transfer pricing and funding strategy.
- The Operational Risk Committee is responsible for managing and monitoring operational risks and reputational risks, crisis-prevention measures and contingency planning. Actual and potential damage caused by operational risks and significant incidents relating to reputational risks are discussed on a quarterly basis. The Committee also approves risk guidelines, methods and instruments within its remits.

3

risk committees
prepare decisions for
the Executive Board



Talking points

Does KfW Group do enough to keep an eye on its in-house processes? The German business press did not seem to think so back in April 2018. According to reports, audits performed by BaFin revealed that KfW did not employ enough people in its Internal Audit department and that its audit process was not meticulous enough.

Since 2016 KfW Group has been required to comply with the main standards in banking supervisory law. In Germany, these standards are set out in the German Banking Act and the European Capital Requirements Regulation and are monitored by BaFin. Routine audits were performed in 2018 as part of this monitoring process. We are unable to comment on the details of these audits. However, we can fundamentally say that KfW takes the results and findings of these audits very seriously and is giving utmost priority to pursuing the measures needed to rectify the identified deficits. It has to be said that there has been a general increase in the regulatory requirements directed at banks' internal audit departments. For this reason, a decision had already been made some time ago to continue expanding the Internal Audit team at KfW. As a result, the number of staff employed by Internal Audit at KfW has steadily increased in recent years.

Sustainability risks

KfW Group also considers the ecological and social risks generated by its business decisions. These risks are considered from two perspectives: a) possible impact of business activities on ecological and social aspects, b) ecological and social risks generated from the bank's activities. The first perspective applies, for example, when introducing new promotional programmes, credit lines, facilities, joint initiatives with a third party, and decisions regarding individual financing projects. In this case, KfW assesses potential risks with a view to the environmental and social sustainability of the financed projects – particularly those in developing countries and emerging economies and those related to export and project finance – and its reputation.

As part of KfW's Roadmap Sustainable Finance – which has been in progress since 2018 (→“Strategy” chapter, page 11) – the group is preparing to expand its definition of sustainability risks. The aim of this process is to improve the way in which ESG and climate risks are identified in the portfolio in the future. The group's increased risk awareness is also reflected in its decision to create the role of director for non-financial risks at KfW Development Bank. Appointed in autumn 2018, this new director coordinates risk prevention and assessment for issues such as anti-corruption, certain compliance issues, complaints management and the procurement of services.

The group categorises reputational risks as separate, significant risks, which means they are subject to the risk management cycle. Every year, KfW identifies potential reputational risks at group level and has them internally evaluated by experts for individual stakeholder groups. According to the guidelines on risk reporting, the group risk report addresses significant new reputational risks or trigger events.



ESG and climate risks are considered in detail as part of the KfW Roadmap Sustainable Finance

This report is presented to the Board of Supervisory Directors, the Federal Ministry of Finance (BMF), the Federal Ministry for Economic Affairs and Energy (BMWi), and the Financial Supervisory Authority. Particularly critical issues are addressed in the form of ad-hoc reports to the Executive Board. No such reports were submitted in 2018.

Compliance

KfW Group defines clear expectations for the actions of its employees as well as its business partners and suppliers. Integrity is the basis for the trust that business partners, customers, shareholders and the public have in KfW Group. It presupposes compliance with all relevant statutory and regulatory provisions and with all internal requirements. This explicitly includes compliance with statutory regulations and provisions that apply to corruption, the environment, social and economic matters, and other criminal offences. In light of this, KfW Group has incorporated the prevention of corruption and other criminal offences into its sustainability mission statement as an ongoing objective.

In addition to the pertinent statutory and supervisory regulations the →KfW's mission statement forms the basis for ethical corporate conduct. It describes the values that our employees are required to uphold: responsibility, fairness, professionalism, initiative and transparency. The mission statement references other initiatives that shape KfW's corporate culture, including the Code of Conduct. This was extended in 2018 to include the items integrity and taxes. The Group Compliance Guidelines describe how all corresponding integrity and compliance guidelines are to be implemented. Appropriate ongoing training measures enhance employees' knowledge in the area of governance and compliance.

KfW Group has incorporated the fight against corruption and other criminal offences into its sustainability programme as an ongoing objective. Continuing education measures are in place to enhance expertise in the area of governance and compliance.

Organisation and functions

The Executive Board is responsible for compliance within KfW Group. The Compliance unit ensures group-wide operational implementation. It operates independently of other divisions and aligns the existing Compliance Management system with changing laws and market trends. In accordance with the Minimum Requirements for Risk Management (MaRisk), the Compliance unit is the central area responsible for recognising legally relevant developments early on, preparing decisions by the responsible bodies and applying a monitoring process to ensure that all legal requirements are met. The group's subsidiaries are closely involved in this process.

With respect to content, the KfW Compliance unit focuses on the prevention of fraud and corruption, money laundering and the financing of terrorism, compliance with financial sanctions and embargoes, securities compliance, document organisation as well as data protection, information security, operational continuity management, physical security, digital forensics and regulatory compliance.



KfW conducts compliance audits every year to fight fraud and corruption

Prevention of corruption and fraud

KfW has explicitly incorporated the preventive fight against corruption, fraud and other criminal offences into its mission statement and Code of Conduct, and it takes a zero-tolerance approach. A Fraud and Corruption Prevention Officer who reports to the Chief Executive Officer conducts annual risk analyses for every business sector and assesses the risks associated with individual customers/business partners, products, processes, transactions and countries. The analysis of country risks also takes into account the Corruption Perceptions Index published each year by the non-governmental organisation Transparency International.

Corruption risks typically exist in the approval of loans or subsidies, in procurement and in the award of contracts.

The work of the Fraud and Corruption Prevention Officer undergoes an annual audit by the Internal Audit department as well as an external compliance audit performed by independent auditors.

At organisational level, KfW Group is committed to the fight against corruption as a corporate member of Transparency International. Furthermore, DEG is a sponsoring member of the Extractive Industries Transparency Initiative (EITI) on behalf of KfW Group. KfW cooperates with the Federal Ministry for Economic Cooperation and Development (BMZ) in implementing the strategy on anti-corruption and integrity in German development policy.

Code of conduct and training

The guideline for legal and ethical conduct at KfW Group is the Code of Conduct, which was updated in the year under review to include items on integrity and taxes. It applies group-wide and is binding for all employees as well as the Executive Board, comprising succinct and understandable key rules of conduct as well as the employees' duty to cooperate. A link to the intranet forwards readers to more detailed information on each topic. The intranet provides specific work instructions, for example on the prevention of criminal offences and on the acceptance of gifts and invitations, as well as practical examples and conduct rules.

A →separate code of conduct (German only) also applies for members of the KfW Executive Board. It regulates the handling of conflicts of interest, acceptance of gifts, invitations to events, performance of ancillary activities or the acceptance of honorary posts.

However, KfW raises awareness of compliance risks and lawful conduct in many ways. Risk-based online and face-to-face training courses on the bank's fraud and corruption prevention policy are mandatory for all employees. Courses are held every year or every two years and as needed through specific information letters. Divisional workshops are also held on the subject of fraud and corruption prevention.

KfW informs its business partners about compliance risks using product data sheets, information sheets and other contract components. It also periodically informs the members of the Board of Supervisory Directors about measures currently being undertaken to fight fraud and corruption.

In cases of suspected criminal offences or misconduct, employees may contact their line manager and/or the Compliance unit itself via a hotline or email – confidentially if they wish or via an →external ombudsperson. The contact details for all contact persons can be found in the Code of Conduct and other resources. A regular process is in place that allows KfW to rigorously investigate all suspected compliance violations.

Suspected compliance violations received by KfW's Complaints Management team are forwarded to the Compliance unit, where they are investigated further. These cases and all other suspected cases of compliance violations are reported to the Executive Board. It receives various documents, including an aggregated quarterly report. The Executive Board also receives ad-hoc reports in the event of prominent cases of suspected violations depending on factors such as loss amount or employee involvement.

Our understanding of ethical conduct also includes the aspect of political donations. According to its donation guidelines, KfW does not provide financial support or other allowances to individuals or political parties including organisations that are affiliated with parties.

Money laundering prevention and data protection

An in-house Anti-Money Laundering Officer coordinates preventive measures against money laundering and terrorism financing. The officer is responsible for complying with legal and regulatory requirements, and thus has various duties, including holding responsibility for organisational instructions, conducting risk analyses, implementing risk-based prevention measures and regularly checking the business partner database and transactions against the most recent sanction lists. KfW immediately reports all suspicious transactions or situations to the responsible investigating authorities. The Anti-Money Laundering Officer reports directly to the Executive Board.

Giving due consideration to banking secrecy, KfW complies with statutory technical and organisational data-protection requirements. group-wide regulations ensure the security of personal data. A group-wide project was established to deal with the risks arising from the new requirements under the European General Data Protection Regulation (GDPR), which has been in place since May 2018.

Digitisation at KfW

Digitisation is a major megatrend of our time. Particularly as a tool for developing innovative services, it has links to sustainability that are also reflected in the work of KfW Group. As such, KfW regards digitisation processes as an opportunity to increase the efficiency of its promotion services. KfW Group therefore supports digitisation in Germany and abroad, and it is also pushing ahead with the digital transformation of KfW itself.

As more and more promotion-related processes are dealt with digitally, not only are costs and paper consumption starting to fall, but the impact of promotional work itself is becoming more positive. For instance, digital technology can speed up and make social and economic development processes more efficient in international cooperation, and can steer them in a more ecologically sustainable direction. Technological leaps can overcome centralised structures in recipient countries and close development gaps more quickly.

Internal challenges

Digitisation is also playing an increasingly important role in KfW's own banking operations, for example in human resources development and change management. The focus is on the changes in working relationships, management and communication caused by digitisation in the long term. Digitisation is also becoming more relevant in facility management, for example in relation to modern and energy-efficient building control systems.

The KfW Digital Office and an associated InnovationLab are developing KfW's digital strategy internally and externally to allow all business sectors to benefit from it systematically. The two facilities promote innovation and agile cooperation in an attractive and flexible working environment and use methods such as Design Thinking. One example is the Innovation Team at IPEX, which during a ten-week project in 2018 applied Design Thinking to develop new ideas and measures to make IPEX more innovative. Some of these measures are already being implemented.



In 2018, Design Thinking helped KfW IPEX-Bank to create innovative ideas for the future

Business

How do we incorporate sustainability into our projects and financing activities exactly?

By promoting investment, KfW Group is committed to improving sustainability across the world with quantifiable results. We provide support for areas such as business start-ups, environmental and climate protection, and protection of human rights. We perform a range of assessments and evaluations to ensure the integrity of our services.



40% of the commitment volume was allocated to climate action and environmental protection (2017: 43%)



With **56,453** applications and a commitment volume of almost EUR **1.2 billion**, the Baukindergeld grant has been a huge success



960,000 customer enquiries were dealt with by KfW's infocentre in 2018

Business activity at KfW

KfW Group has set itself the target of supporting sustainable improvement to economic, social and environmental conditions around the world. The promotional and financing activities of KfW Group are divided into domestic and international business. Its domestic business is made up of the Mittelstandsbank und Private Kunden (SME Bank & Private Clients), Individualfinanzierung & Öffentliche Kunden (Customised Finance & Public Clients), and the company KfW Capital. KfW Capital is a wholly owned subsidiary of KfW, while the other two business sectors are part of the KfW organisation (→Corporate profile, page 5–6).

In organisational terms, the financial markets business sector and KfW Development Bank also belong to KfW. Together with KfW subsidiary DEG, the latter makes up the business sector Promotion of developing countries and emerging economies. The subsidiary KfW IPEX-Bank is responsible for the Export and project finance business sector both in Germany and abroad. Around one third of KfW IPEX Bank's activities take place in Germany, a further third concentrates on Europe, while the remaining third focuses on the rest of the world.

Domestic business

In April 2018, KfW's domestic business was restructured and has since been made up of two business sectors: the SME Bank & Private Clients area and the Customised Finance & Public Clients area.

1. Business sector SME Bank & Private Clients

The business sector of SME Bank & Private Clients consolidates the high-volume business, which can be both standardised and transferred into digital processes. It makes up around 80% of the domestic promotional volume. The business sector is broken down into two segments according to customer groups: the SME Bank segment is geared towards commercial customers while the other segment targets private clients.

The SME Bank segment supports the German economy with a wide range of loans and grants in the focal areas of energy transition, environment and sustainability, innovation, corporate investment and entrepreneurship.

The promotional activities in the private clients segment include financing for education (including student loans), promotion of energy efficiency in new buildings and renovated residential buildings, and promotion for the acquisition, construction or barrier-free renovation or construction of owner-occupied residential property. Its promotional products are standardised loans on-lent by the bank (with and without repayment bonuses) and investment grants. Its portfolio is complemented by innovative approaches to financing (such as an SME platform).

2. Business sector Customised Finance & Public Clients

The Customised Finance & Public Clients business sector is responsible for flexible and tailored promotional solutions for companies, state-level promotional institutes and other banks. It is also in charge of municipal financing.

This sector is split into three business segments: The municipal and social infrastructure segment covers the wide range of basic promotion offers for municipalities, municipal companies and non-profit organisations focused on environmental protection, the energy transition and social transformation. This segment issues standardised loans on either a direct basis (business with municipalities) or through on-lending (municipal and social companies) and also issues grants.

The segment of individual financing for businesses focuses on tailor-made promotional solutions in the form of various external capital products including the transfer of risk. These products include project, acquisition and consortium financing as well as the new Venture Tech Growth Financing programme. The aim this programme is to issue venture debt financing packages to young, fast-growing tech companies.

Under the segment of individual financing for banks and state-level promotional institutions (known as LFIs in Germany), KfW refinances LFIs using programme-based global loans and global loans for general LFI refinancing.

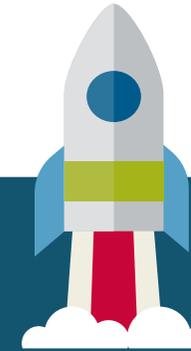
It also offers individual financing for banks, such as refinancing for government-backed export loans, global leasing loans, and global loans to European (promotional) banks to promote SMEs and environmental protection. Furthermore, it invests in specific funds to support digital infrastructure (such as the Connecting Europe Broadband Fund CEBF).

The on-lending business model

One of the hallmarks of KfW's approach to the widely standardised high-volume transactions in domestic promotion is its on-lending principle. With this approach, KfW supports lending by commercial banks by offering low-interest refinancing to its financing partners. This in turn allows the banks' customers to apply for KfW promotional loans, with the banks using the refinancing funds granted for this purpose. KfW has set up an online on-lending platform (known as BDO) to handle the application process. One example of the promotional programmes available is the Energy-efficient Construction and Refurbishment Programme. The clients' financing partners or primary banks bear the individual credit risk. This strategy eliminates any need for KfW to have its own network of branch offices. Exceptions to this on-lending principle include, for example, public-sector borrowers, customised financing for businesses, and grants for private individuals and companies.

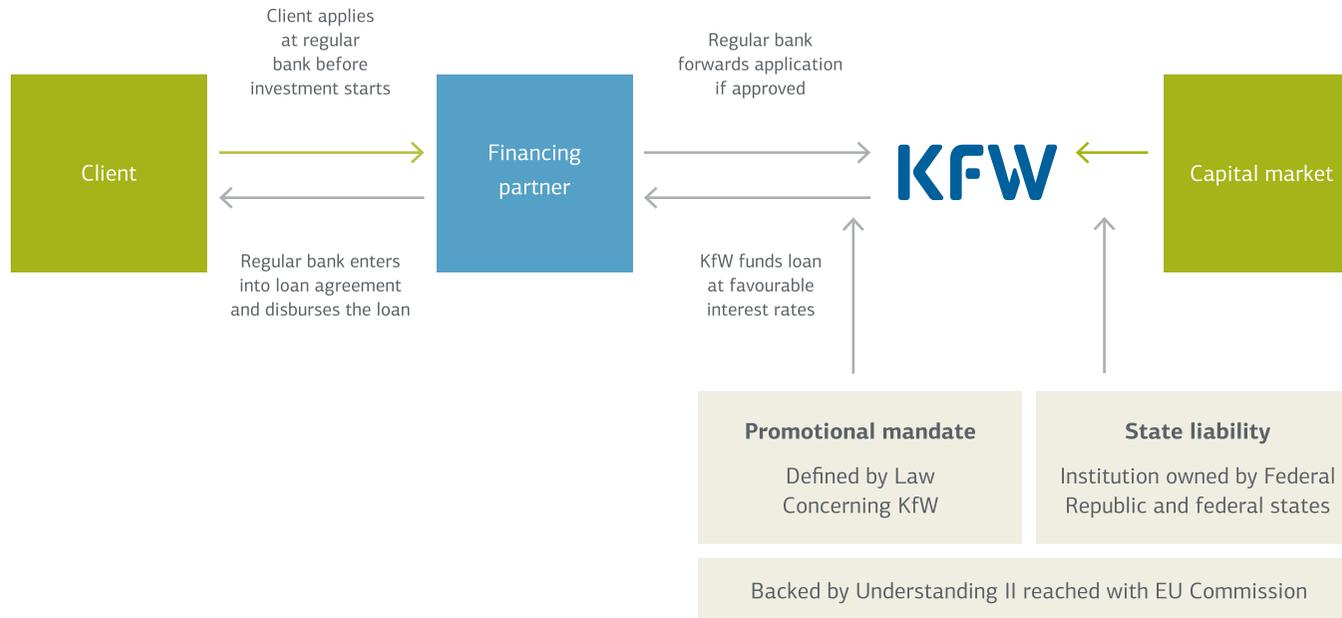
3. Business sector KfW Capital

Founded in summer 2018, the subsidiary KfW Capital invests in venture capital and venture debt funds with support from the ERP Special Fund. In doing so, it helps to make sure that innovative entrepreneurs and young tech companies have access to more venture capital in order to finance their growth. As a result, KfW Capital is contributing to the long-term reinforcement of Germany as a centre of innovation. A strong presence on the market and an investment portfolio that is self-supporting in the long term are two of the company's key aims.



A new subsidiary: KfW Capital invests in venture capital funds and, as a result, is improving access to venture capital for high-tech start-ups

Domestic promotional lending business at KfW



International business

The subsidiary KfW IPEX-Bank is responsible for the Export and project finance business sector and deals with commercial conditions both in Germany and abroad. Financing from KfW IPEX-Bank serves to maintain and strengthen the competitiveness and internationalisation of German and European export companies. Furthermore, it facilitates financing for economic and social infrastructure in Europe. KfW IPEX-Bank contributes to securing raw material supplies and supports the realisation of environmental and climate protection projects at a global level.

The business sector Promotion of developing countries and emerging economies includes KfW Development Bank and DEG. KfW Development Bank finances and supports programmes and projects that mainly involve public-sector players in developing and emerging economies on behalf of the German Federal Government and other commissioning parties such as the European Union. The objective is to support partner countries in combating poverty, securing peace, protecting the environment and the climate, and ensuring fair globalisation. Here, KfW also uses its own funds, which it raises on the capital market. KfW thus supports the Federal Government in meeting its international targets and obligations in alleviating poverty and protecting the climate and the environment.

The wholly owned subsidiary DEG, Deutsche Investitions- und Entwicklungsgesellschaft mbH, is also active in the business sector Promotion of developing countries and emerging economies. It finances and structures investments for private companies in developing countries and emerging economies in order to foster sustainable economic development, ensure local value creation and promote expansion of the private sector.

KfW's promotional priorities

KfW Group's primary objective is promotion. As a public promotional bank, KfW abides by two promotional principles: subsidiarity and sustainability. The principle of subsidiarity means that KfW concentrates on addressing market weaknesses without encumbering or crowding out private enterprise. KfW is a partner to commercial banks, not a competitor. It supports commercial banks in financing projects that otherwise would not be implemented. With regard to the principle of sustainability, KfW aims to be a sustainable bank in the fullest sense: within its business, within its operations and within its role as an employer. KfW's promotion work is geared towards long-term and sustainable success. Its financing activities are based on the highest ecological and social standards. Both of these promotional principles are explicit elements of KfW Group's strategic objectives (→ "Strategy" chapter, page 10).

Three reporting formats are used to control and steer the strategic target variables over the course of the year. These formats are used to report to the Executive Board on a monthly basis and the Board of Supervisory Directors on a quarterly basis.

- Strategic performance report (primary target promotion; Group Planning and Control is responsible for this report)
- Risk report (secondary target risk and liquidity; Risk Controlling is responsible for this report)
- Financial controlling report (secondary target profitability and efficiency; Financial and Promotional Business Controlling is responsible for this report)

In 2018, KfW focused most of its promotional activities on what it believes to be the socially and economically important megatrends of "Climate change & environment", "Globalisation", "Social transformation", and "Digitisation & Innovation", all of which are embedded in its strategic objectives. KfW Group also supported further promotional areas that are not tied to any trends. In order to reduce global poverty, KfW Development Bank has been supporting the German Federal Government in financing and implementing development projects. Another priority area for KfW is the promotion of SMEs and entrepreneurs in Germany.

To address the special importance of the "climate change and the environment" megatrend, KfW set itself a target ratio for these two areas of over 35% of its total annual promotional business volume as far back as 2012. In financial year 2018, the group significantly surpassed its commitment ratio at 40%.

40%

of the commitment volume was allocated to climate action and environmental protection (2017: 43%)

The following table reveals how the matters defined as being essential to KfW's business activity within the framework of the materiality analysis – and their effects on the aspects subject to reporting – are distributed between the megatrends defined in the strategic objectives:

Categorisation of key sustainability issues under the megatrends defined in the 2023 strategic objectives

Material aspects	Megatrends under strategic objectives
Financing: climate and environmental protection	"Climate change & environment"
Financing: poverty alleviation	Primary goal of improving living standards around the world
Financing: SMEs and entrepreneurs in Germany	"Climate change & environment", "Digitisation & innovation", "Social transformation"; primary goal of improving living conditions with a focus on financing for German SMEs
Financing: globalisation, technological progress and digitisation ¹	"Globalisation"; "Digitisation & innovation"
Financing: social change ¹	"Social transformation"

¹ This title has been adjusted after the megatrends were renamed in 2018.

The table on page 41 reveals how the 2018 commitment volumes of KfW's individual business sectors were distributed between the megatrends defined in the strategic objectives.

The categorisation of the main products offered by KfW Development Bank, KfW IPEX-Bank and DEG under the four defined megatrends (→ "Strategy" chapter, page 9) depends on their financing purpose. In the case of KfW Development Bank, for example, projects directed towards climate action

and environmental protection are categorised under the corresponding megatrend. All other financing activities are categorised under the priority area of poverty alleviation, one of the promotional issues not tied to a trend. Similarly, any financing by DEG and KfW IPEX-Bank from areas other than climate action and environmental protection are mainly categorised under the globalisation megatrend.

KfW Group commitment volume according to business sectors and 2018 megatrends, EUR in billions¹


	Business sector: SME Bank & Private Clients	Business sector: Customised Finance & Public Clients	Business sector: KfW Capital	Business sector: Export and project finance	Business sector: Promotion of developing countries and emerging economies		Total commitment volume
					KfW Development Bank	DEG	
Total commitments	36.3	9.5	0.1	17.7	8.7	1.9	75.5 ²
Of which Climate change & environment (environment commitment ratio) ³	19.4 (54%)	1.6 (16%)	n.a.	3.3 (19%)	5.1 (58%)	0.6 (34%)	30.3 (40%)
Of which Globalisation	n.a.	1.4	n.a.	14.2	n.a.	0.9	16.6 (22%)
Of which Social transformation	8.5	0.6	n.a.	n.a.	n.a.	n.a.	9.1 (12%)
Of which digitisation & innovation	3.1	0.2	0.1	0.2	0.0	0.3	3.9 (5%)
Of which non-trend- related promotional issues	5.3 (Primarily start-up and corporate investment)	5.8 (e.g. infra- structure finance)	0.0	n.a.	3.6 (Poverty alleviation)	n.a.	15.7 (21%)

¹ Deviations in the totals are due to rounding differences

² Also includes commitments in the capital market business sector in the amount of EUR 1.5 billion, of which EUR 0.4 billion is attributable to climate change and the environment and EUR 1.1 billion to non-trend-related promotional issues. Adjusted for commitments in Export and project finance from KfW programme loans.

³ Percentage of total commitments for the business sector or area

The product range for domestic promotional business mainly consists of promotional programmes focused on specific topics. The table on page 42 shows the particularly

high-volume promotional products for domestic promotional business and lists the respective megatrends to which they are assigned based on the promotional approach.

KfW's largest-volume domestic promotional programmes in 2018 (commitments in EUR billion)


Megatrend	SME Bank & Private Clients	Customised Finance & Public Clients / KfW Capital
Climate change & environment	Energy-efficient construction and refurbishment programmes (12.0) Renewable energy programmes (1.8) KfW Energy Efficiency programme (5.3)	IKK – Energy-efficient Construction and Refurbishment (0.3) IKK – Investment Loans for Municipalities (proportional) (0.5) IKU – Investment Loans for Municipal and Social Enterprises (proportional) (0.3)
Globalisation		KfW Programme for Refinancing Export Loans covered by Federal Guarantees (1.4)
Social transformation	ERP Start-Up Loan (proportion of company successions) (1.3) KfW Home Ownership Programme (3.5) BAföG government loans (1.0)	IKK – Investment Loans for Municipalities (proportional) (0.4) IKU – Investment Loans for Municipal and Social Enterprises (proportional) (0.2)
Digitisation & innovation	ERP Digitisation and Innovation Loan (2.9)	ERP Venture Capital Fund Investments (0.1)
Non-trend-related promotional issues	KfW Entrepreneur Loan (2.45) ERP Start-Up Loan (proportional) (2.2)	IKK – Investment Loans for Municipalities (proportional) (0.6) IKU – Investment Loans for Municipal and Social Enterprises (proportional) (0.6) General refinancing of the promotional institutions of the federal states (2.9) Global leasing loans (1.5)

Development of promotion in the business sectors and areas

Commitment volume development in KfW Group's various business sectors depends on customer demand for promotion and financing. Equal relevance is attributed to the commissioning ministries' political focal points and the resulting financial resources available for the promotional programmes.

Because the area of domestic financing was restructured in April 2018, comparison with last year's figures is possible only to a limited extent. For this reason, we are often unable to provide any comparative figures in the 2018 Sustainability Report.

SME Bank & Private Clients

The volume of new business in the SME Bank & Private Clients business sector amounted to EUR 36.3 billion (2017: EUR 42.4 billion).

1. SME Bank segment

In the year under review, the volume of new business amounted to EUR 17.2 billion. Promotion was focused on the areas of corporate investment, start-ups, innovation, environment, sustainability and energy transition. With a promotional volume of EUR 7.1 billion, the energy transition priority area made the most significant contribution to this segment. This priority area consists of the KfW programmes for

improving energy efficiency and the use of renewable energy at commercial enterprises. The second-largest volume is attributed to the priority area of corporate investment, with a share of EUR 2.5 billion.



Success for Baukindergeld programme

Since 18 September 2018, families in Germany have been able to apply online to KfW Group to receive a grant known as "Baukindergeld" to build their own homes and provide for old age. Baukindergeld is the name of a grant from the Federal Ministry of the Interior, Building and Community (BMI) to support the purchase of owner-occupied housing for families with children. A family receives EUR 1,200 per child per year. The benefit is paid for ten years, so that families with one child receive a total of EUR 12,000, families with two children EUR 24,000 etc. The target group is families who signed their purchase contract or received a building permit between 1 January 2018 and 31 December 2020.

56,453

applications and a commitment volume of EUR 1.2 billion: the new Baukindergeld grant has been a huge success

2. Private client segment

In 2018, the private customers segment recorded a new business volume of EUR 19.1 billion. With a commitment volume of EUR 12.0 billion, the energy transition priority area made up the largest share of new business. All of these commitments were used for the Energy-efficient Construction and Refurbishment programmes. The homes and living priority area came in second place with a commitment volume of EUR 5.1 billion. As well as the Home Ownership programme (EUR 3.5 billion) and the Age-Appropriate Conversion programme, this priority area also includes the new Baukindergeld grant introduced in 2018. Thanks to the Baukindergeld programme, families received support in purchasing their own homes with a commitment volume of EUR 1.2 billion in total in 2018.

Customised Finance & Public Clients

At EUR 9.5 billion, the commitment volume in the Customised Finance and Public Clients sector was slightly higher than last year's level (2017: EUR 9.3 billion).

The municipal and social infrastructure segment recorded a new business volume of EUR 3.5 billion. This segment includes the promotional priority areas of public infrastructure (EUR 2.7 billion) and energy transition (EUR 0.8 billion). The segment of individual financing for banks and promotional institutions of the federal states achieved a new business volume of around EUR 5.9 billion. Its primary priority areas include corporate investment (EUR 2.9 billion) and public infrastructure (EUR 2.9 billion). The segment that focuses on customised finance for businesses offered new commitments amounting to EUR 0.2 billion and covers the priority areas of innovation, corporate investment and energy transition.



Global leasing loans

By providing global loans for leasing, KfW promotes German SMEs and uses lease financing to support their investments. Leasing is a key form of financing – particularly for SMEs – making it an important alternative to conventional bank loans. The key promotional area is characterised by the broad range of capital goods that are supported, as well as by the various segments in which funding recipients operate. From the local baker's vehicle fleet to modern production facilities in the manufacturing industry, global loans for lease financing offer constant and attractive financing via banks and leasing companies to a large number of sectors and for a range of capital goods.

KfW Capital

KfW Capital was established as a wholly owned subsidiary of KfW on 30 July 2018 and began operations on 15 October 2018. The objective of KfW's new subsidiary is to develop the venture capital and venture debt funding landscape in Germany and Europe, thus improving access to capital for young, innovative, fast-growing German tech companies still in the start-up and growth phase. With support from the ERP Special Fund, KfW Capital will increase KfW's current investment volume to an initial average of EUR 200 million p.a. by 2020. KfW Capital took over KfW's investments in this area on 1 January 2019, including the three generations of the

High-Tech Start-Up Fund, coparion (see below) and various venture capital funds that KfW had invested in as part of the ERP Venture Capital Fund over the past almost four years.

Export and project finance



More venture capital for innovative start-ups

The European Investment Bank (EIB) invested EUR 50 million in the coparion co-investment fund, which was set up around three years ago. This increased coparion's fund volume to EUR 275 million. The fund was set up by the German Ministry for Economic Affairs and Energy and KfW in 2016, and has since made almost 30 investments in high-growth start-ups. As a co-investment fund, coparion always works with at least one other private investor to invest in young tech companies in their growth phase, thereby doubling the volume of funds available. Thanks to the EIB's contribution and the funds provided by private investors, this instrument alone provides over EUR 0.5 billion to help finance the growth of young high-tech companies in Germany.

In the Export and project finance business sector, for which KfW IPEX-Bank is responsible, new business in 2018 added up to EUR 17.7 billion (2017: EUR 13.8 billion) in a highly competitive market environment. These commitments were often concluded in consortia with other banks. The largest commitments in the industry sector came from the Energy and environment sector department with EUR 3.4 billion, a significant portion of which was accounted for by wind farms. This underscores KfW IPEX-Bank's efforts to make a significant contribution to environmental protection and climate action.

Financial Cooperation (KfW Development Bank)



Överturingen on-shore wind farm

KfW IPEX-Bank is involved in the financing of the Överturingen on-shore wind farm in Västernorrlands Län province in central Sweden. Together with one other international commercial bank, the specialist financier is providing the project with about EUR 160 million in long-term debt capital. Total investments in the farm amount to EUR 270 million. The wind farm is owned and sponsored by the British corporation Green Investment Group Limited (GIG), a member of the Macquarie Group based in Sydney (Australia). The wind farm project's installed capacity will amount to 235 megawatts (MW), which will be generated with a total of 56 wind turbines.

KfW Development Bank was also able to increase its financial commitments. In 2018, around EUR 8.7 billion in financing was provided to developing countries and emerging economies on behalf of the German Federal Government (2017: EUR 8.2 billion). Around 58% of financing was earmarked for climate action and environmental protection projects. A total of over EUR 4.1 billion was allocated to financing for development projects in Africa and the Middle East, equivalent to almost 47.6% of total commitments.

As in previous years, climate protection and climate change adaptation remained key focus areas for 2018. The diversity of the causes of climate change is also reflected in the range of solutions applied by KfW Development Bank. For instance, it provided a grant of EUR 8 million for a project to reduce the risks posed by floods and landslides in Honduras. The funding mainly benefits the 150,000 poorer inhabitants of urban areas, who tend to be most affected by extreme weather events. The programme is investing in urban infrastructure such as retaining walls, drainage ditches and reforestation. As a result, the programme aims to strengthen the central institutions for risk management and climate change adaptation on the one hand and establish standards and processes for controlling and monitoring measures on the other. KfW Development Bank also promotes climate-friendly urban development all over the world, including in China, for example. With support from the European Union, KfW set up the China Green Cities Development Fund (CGCDF) in December 2018. This fund helps Chinese cities to prepare for and implement infrastructure projects that are kind to the environment and climate.

KfW Development Bank also applies new financial instruments to engage in climate protection and climate change adaptation. For instance, KfW provided a grant of USD 40 million from the Green Climate Fund (GCF) to the CRIM project (Climate

Resilient Infrastructure Mainstreaming), thus making a key contribution to helping towns and cities in Bangladesh protect themselves against the impacts of climate change. In early 2018, KfW launched an innovative climate risk insurance programme, which was initially rolled out in Africa and Asia. Supported by multiple partners, the InsuResilience Investment Fund (IIF) primarily supports customers in rural areas to ensure swift recovery following damage caused by climate events. The programme was then extended to Central America in December.

DEG

In 2018, DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH pledged around EUR 1.9 billion to finance investments by private companies in developing countries and emerging economies, thus setting a new record (2017: EUR 1.6 billion). New commitments for Africa also developed well, setting yet another record at EUR 438 million (2017: EUR 265 million). Financing for small and medium-sized enterprises was once again a focus in 2018, making up EUR 967 million (2017: EUR 830 million). Financing for German companies reached EUR 399 million (2017: EUR 436 million).

Since 2007, KfW Development Bank has published information about the projects it finances at country and sector levels. Since 2013, it has provided an online database for research and analysis of promotional projects for development financing with its [→KfW Transparency Portal](#). This portal provides up-to-date information and a short description of the project, thus making data publicly available in a clear, easily accessible manner so that it can be used for individual evaluation. Since 2015, DEG has also published investment-related information about new financing commitments on its website (see [→DEG financing](#)).



Setting a new company record of EUR 1.9 billion, DEG supported local economies in developing and emerging countries



Sample projects from KfW Development Bank and DEG in 2018

Continued reconstruction on the Gaza Strip

On behalf of the German Federal Government, KfW Development Bank continued its commitment to helping Palestinian refugees in the Gaza Strip and Lebanon in 2018. A total of EUR 36.15 million was committed to the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) in January 2018 to support the reconstruction of homes and schools, and to fund employment programmes.

KfW has been supporting reconstruction plans in the Gaza Strip since the outbreak of the armed conflicts in summer 2014. With the region receiving newly committed funds amounting to EUR 18.15 million, around 540 families whose homes were completely destroyed will receive new housing. An additional EUR 5 million will be used to build new schools and equip them with furniture and teaching materials. This will enable around 6,000 boys and girls to receive an appropriate standard of education. UNRWA runs nearly 60 schools in the Gaza Strip, providing an education to around 262,000 young people.

Palestinian refugees, many of whom fled from Syria only in the last few years, also live in poverty and without jobs in Lebanon. Around 4,000 of them are now expected to have the opportunity to work through a cash for work employment programme in the construction industry. KfW is supporting the programme and, with EUR 10 million, will finance labour-intensive renovation of housing, schools,

workshops and health centres in the refugee camps, as well as UNRWA administrative buildings. Furthermore, an additional EUR 3 million has been committed to improving refugees' access to health care facilities and schools.

DEG is financing the Caribbean's largest solar power plant

In 2018, DEG invested in the expansion of renewable energy in the Dominican Republic. It arranged a long-term loan of USD 62 million to finance the expansion of a solar farm. DEG's share in the project amounted to around USD 20 million. The company F&S Solar from Euskirchen in Germany is involved in the project as a developer and investor. The first section of Montecristi solar park, which is located in the north-west of the country, is already open. Work on the park, which will have a total capacity of 116 MW, is due to finish in summer 2019. It will then supply around 100,000 households with environmentally friendly power and save around 108,000 tonnes of carbon emissions every year. The power generated by the park will be fed into the state grid for a period of 20 years under a Power Purchase Agreement (PPA).

When the solar park was being developed, a cooperative project was also set up between the Jardín Botánico Nacional and a team of experts to create and implement a biodiversity strategy in line with international standards.

Environmental and Social Impact Assessment (ESIA)

In order to fulfil KfW Group's promotional mandate and simultaneously minimise potential negative effects on or risks to people and the environment, KfW subjects all planned projects in developing countries and emerging economies, as well as all export and project financing, to an environmental and social impact assessment (ESIA). This commitment is set out in the sustainability guidelines issued by →KfW Development Bank and →KfW IPEX-Bank and is also a mandatory requirement under the →DEG Environmental and Social Policy.

The ESIA is a fixed part of project appraisals at KfW Group and is performed according to similar processes and standards in the three organisational units mentioned above. The ESIA procedure is divided into a screening process, which determines the categories of environmental and social risks, and the assessment itself. If the assessment reveals that an environmental and social management plan is inadequate or does not exist at all, additional or new measures are defined and usually recorded in an action plan. Implementation of the action plan and the regular reporting and monitoring of measures are part of the loan agreement.

KfW Group's ESIA process is based on ecological and social standards in line with internationally recognised benchmarks. These include:

- For public-sector borrowers and executing agencies, the most recent version of the →World Bank Group's Environmental and Social Standards (ESS)
- For cooperation with the private economy, the Green Climate Fund and financing for international climate change mitigation initiative (IKI), the →International Finance Corporation's Performance Standards (IFC PS).

In the case of co-financing projects, standards issued by other development finance institutions (DFIs) can be applied provided they are at least equivalent to the standards listed above. As well as these standards, the protection of human rights also forms an integral part of the ESIA.

KfW Development Bank's ESIA process was adjusted in line with current requirements on 1 January 2019. These changes included adopting the new World Bank standards mentioned above, providing procedural instructions for projects with financial intermediaries and clarifying certain points. Furthermore, certain incidents will be logged centrally by a new Non-Financial Risk department in future.



KfW Group performs its ESIA process on the basis of internationally recognised standards

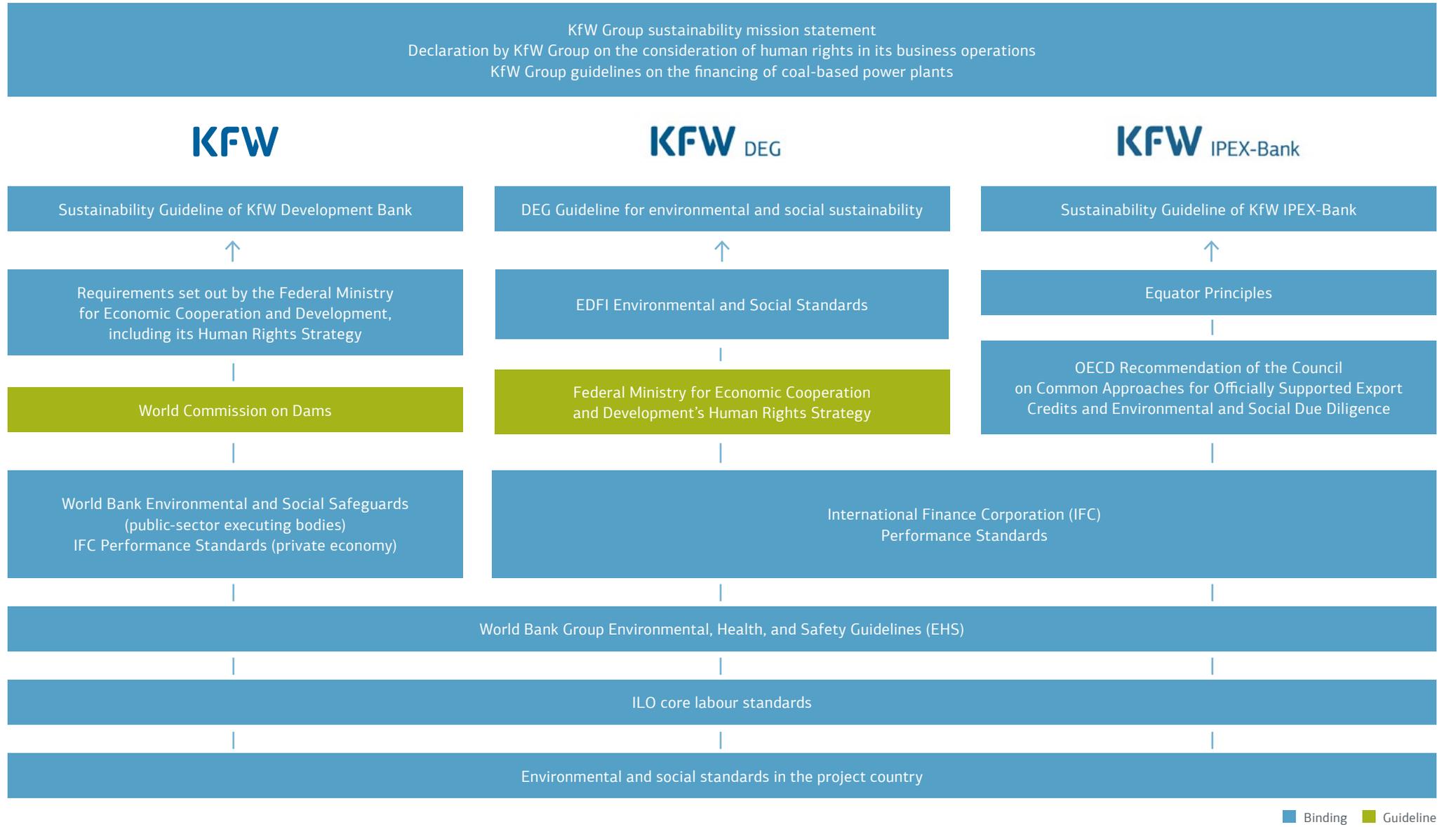
Overall there are currently 22 experts responsible for ESIA's at KfW Group. They are supported by over 60 technical experts from the sectors. If necessary, specific issues are thoroughly addressed during the project appraisal through the assignment of qualified consultants on site together with the project-executing agency or the financed enterprise. All new employees and trainees at KfW Development Bank, KfW IPEX-Bank and DEG receive training in the processes and standards for ESIA's. Refresher courses are held every three years, while follow-up training is provided in the event of significant changes. Furthermore, there is a separate mandatory training course on the topic of protecting human rights as part of the induction events for new KfW Development Bank employees; the course is held four times a year.

The ESIA process

The first step is the screening, during which KfW Development Bank, DEG or KfW IPEX-Bank categorises a project according to possible environmental and social impacts and risks. Projects are assigned to categories A, B or C according to international standards set out by the World Bank / International Finance Corporation (IFC). The results are reviewed internally by units independent of the respective front-office department. The categorisation determines the content and extent of the assessment.

The assessment is based on environmental and social impact studies, any requisite sectoral studies (for example, on resettlement requirements or biodiversity conservation), and documentation of national approvals including stakeholder participation, particularly of those affected by the project. These documents are to be provided by the borrower. To assess social factors and the protection of human rights, it is essential that public information, participation of the locally affected people (local participation) and the handling of critical objections to projects meet international standards and are documented. Projects that are likely to have an unacceptable environmental or social impact that cannot be prevented or mitigated by suitable measures are not eligible for funding.

Standards to be applied in KfW Group’s environmental and social impact assessments



Measures are usually defined in an action plan if deficiencies are identified during the assessment. These then have to be implemented by the project partner or financed enterprise in an effort to prevent unwanted ecological or social impacts or at least bring them down to an acceptable level or balance them out. If people have to be resettled, a Resettlement Action Plan (RAP) must be devised for those affected. At the very least, it must ensure that the livelihoods of these people are restored. KfW requires the project partners or financed enterprises to regularly provide detailed reports about the implementation of the agreed measures.

In addition to the ESIA, KfW Development Bank performs an additional systematic climate assessment on all projects. On the one hand, this concerns development policy risks resulting from climate change and also looks at potential, such as how it may be possible to contribute to climate change adaptation. On the other hand, the project's risks and potential concerning climate change are analysed. An assessment is carried out as to whether the planned project will cause greenhouse gases to be emitted, how high the levels of emissions will be and the mitigation measures that will be necessary to reduce emissions.

Project categorisation of potential environmental and social risks of newly committed financing in 2018

	Risk category A (high)	Risk category B (medium)	Risk category C (low)
KfW Development Bank ¹	14	112 ²	103
KfW IPEX-Bank	21	72	218
DEG ¹			
Financial intermediaries	12	35	10
Non-financial sector	16	25 ³	–

¹ A total of 15 of the 112 projects in risk category B were assigned to sub-category B+ (medium to high risks in some instances)

² 15 of these projects are in the B+ category (medium to high risk in some instances)

³ 21 of these projects are in the B+ category (medium to high risk in some instances)

Complaint mechanisms

KfW Group uses incoming complaints as a vital customer-feedback tool to optimise processes and services. They are evaluated quarterly and reported in the form of key findings to the Executive Board. Stakeholders can address questions and complaints on sustainability-related issues to KfW Group via the central e-mail address nachhaltigkeit@kfw.de. All difficult cases, particularly those concerning potential criminal activities and KfW employee infractions, can also be addressed anonymously to the external ombudsperson (Attorney at law, Arndt Brillinger, phone +49 721-91546568, fax: +49 721-91546580; email: kfw@brillinger-rechtsanwaelte.eu).

For those who feel negatively affected by Financial Cooperation projects, KfW Development Bank provides an [→online complaints form](#) in which complaints can be presented in detail. The form serves to document the case, resolve the conflict and help everyone involved develop solutions. As an alternative, those affected in developing countries can directly contact the local office or the German embassy. In addition, all complaints the bank receives through other channels (via e-mail or the ombudsperson, for example) are also accepted.

KfW IPEX-Bank allows complaints to be submitted via the [→online complaints form](#) on KfW IPEX-Bank's website. There is also a whistleblower system for potential criminal activity. There were no complaints relating to environmental or social issues in 2018.

DEG has an independent complaint mechanism. This option can be used by any person who believes they have been adversely affected by a project co-financed by DEG. An external committee of three international experts (independent expert panel – IEP) assesses the situation and decides whether arbitration proceedings are to be initiated in permitted cases or if a compliance assessment should be carried out. DEG drew up this mechanism together with the Dutch development financier FMO in 2014.

Two complaints were submitted in 2018 relating to projects in Togo and the Democratic Republic of Congo. One of the complaints (Togo) was accepted before the end of the year, while the other was still under review. Processing of the complaint regarding Barro Blanco hydropower plant in Panama submitted in 2014 is now complete, although the situation is still being monitored (for further details see [→DEG website](#) on current cases, see “Submitted complaints” menu option). The IEP also publishes an annual report that contains information on all complaints submitted since the complaints mechanism was created.

Human rights and indigenous populations

Special attention is given to complaints concerning human rights and indigenous populations. In 2018, KfW Development Bank received complaints on this matter for four projects. Three cases relate to forestation projects in the Democratic Republic of Congo, Cameroon and Indonesia, in which the corresponding executing agency has been accused of not stopping human rights violations committed by rangers and restricting the indigenous populations' access to their hunting and fishing grounds. KfW Development Bank will closely monitor the ongoing development of the situation.

We also received a number of individual complaints regarding the road construction project in Mombasa (Kenya) detailed in last year's report. This is a co-financing project between KfW Development Bank, the African Development Bank (AfDB) and the EIB. The grounds for the complaints from those affected by resettlement mainly relate to the lack of transparent information on the calculation of compensation payments from the executing agency to the affected parties. Most of the complaints criticised the amount of compensation paid out. KfW and EIB are closely monitoring these complaints and are in contact with the project-executing agency Kenya National Highways Authority and with the local non-governmental organisations. Overall it can be assumed that, if the complaints/shortcomings are confirmed, they can be addressed with targeted measures.

Project evaluation

KfW has selected domestic promotional programmes regularly evaluated by external independent research institutes to determine their promotional effectiveness. Federal programmes and programmes with the greatest relevance due to volume and substantive scope are usually selected for evaluation. The aim of the evaluations is to determine the promotional effects and effectiveness of the respective programme. The evaluation results are given to the responsible federal ministries and published on the →KfW website. They constitute an important basis for quality assurance and further development of the promotional programmes. The method used for evaluation studies is developed for each specific programme and the promotional effects to be measured. This often includes comprehensive empirical surveys.

Financial Cooperation (FC) projects are evaluated by a separate evaluation department at KfW Development Bank. It operates independently from the operative FC departments and reports directly to the KfW Executive Board as an administrative unit. The framework for the actual evaluation process is provided by work instructions, technical notes, and sample outlines and processes. Each year, around half of all FC projects that have been completed in the past three or so years undergo an ex-post evaluation. The projects are selected in the form of a representative random sample and evaluated on the basis of the key criteria defined by the Development Assistance Committee (DAC) of the Organisation for Economic Cooperation and Development (OECD): relevance, effectiveness, efficiency, overarching developmental impact and sustainability. The evaluations are mainly carried out in the form of on-site missions. If this is not necessary or possible – for example, if enough information is available or if travel

4

complaints concerning human rights issues have been carefully examined by KfW Development Bank

bans are in place (as is currently the case for Syria and Afghanistan, for example) – desk audits are performed instead. In cases where travel bans are in place, local experts collect information for KfW. The final reports are available to the public. The Executive Board is also informed of the results of each individual evaluation (more information about FC evaluations is available on the [→Internet](#)).

DEG uses the Development Effectiveness Rating (DERa) system to rate the effectiveness of its projects in terms of promoting local development and contributing to the UN's Sustainable Development Goals (SDG). The rating takes cues from international best-practice approaches by predominantly using quantitative and harmonised indicators. The development contributions made by each client are evaluated in five effectiveness categories based on the SDGs: decent jobs, local income, market and sector development, environmental stewardship and community benefits.

Customer focus

KfW Group uses a number of different channels to meet the high information requirements of its clients and other interested parties. KfW's infocentre answered a total of 960,000 questions in writing and by telephone in 2018. This reflects clients' high degree of interest in KfW's domestic financing offers. A total of 49% of all contacts concerned education, 43% concerned housing and 8% concerned commercial financing.

The online consultation query (BAN) facilitates the path to finding a financing partner. In 2019, over 13,000 domestic customers made the most of the option to request an appointment with up to three KfW financing partners online for the majority of on-lent promotional products.

Thanks to KfW's digital on-lending portal (BDO), financing partners can confirm the eligibility of an investment project to the customer electronically, even during the consultation, and reserve the prevailing interest conditions.

Customer satisfaction with the domestic promotional business is assessed as part of KfW's new customer monitoring solution. Roughly 500 ultimate borrowers and grant recipients are surveyed in this context every month. Along with the external evaluations of the promotional programmes (see Project evaluation, p. 53–54), their feedback provides valuable information on how products, processes and services can be aligned more closely with market requirements.

960,000

customer enquiries
were dealt with by KfW's
infocentre in 2018

Once again, the 2018 results show that KfW scores far higher than the industry average in the categories of customer satisfaction and loyalty for the private customers of banks and savings banks. KfW also receives particularly positive ratings for its student loans; this customer group was added to the study for the first time this year.

KfW also gathers regular feedback from financing partners as well as from bank associations. After already receiving high satisfaction ratings in 2017, the reviews from these key account partners rose again according to a representative survey carried out in autumn 2018: 75% of partners are completely or very satisfied with their support from KfW.

Barrier-free service

KfW Group fundamentally strives to offer an accessible website in accordance with the requirements of the [→Barrierefreie-Informationstechnik-Verordnung](#) (German only) ordinance (BITV). This means that we aim to ensure, from both a technical and content-related point of view, that users with impairments (for example, if they are unable to use a mouse or have to use assistive technology such as screen readers) can also use the www.kfw.de website.

At this point in time, the KfW website fulfils over 80% of the barrier-free requirements. During the course of 2018, we improved the accessibility of our documents, for example, and converted the majority of our information sheets into accessible PDFs. We want to rectify the aspects that still result in point deductions as well as we possibly can to at least achieve a rating of “readily accessible” (which means at least 90 percentage points in the overall results) by the end of 2019. This will be verified again with a test after we have implemented a relevant portion of the findings.

Additional key business figures

Key corporate figures for KfW Group

	2014	2015	2016	2017	2018
Operating result after valuation (before promotional expense), EUR in millions	1,953	2,539	2,108	1,669	1,834
Profit/loss from ordinary operating activity (before promotional expense), EUR in millions	1,973	2,647	2,210	1,667	1,839
Consolidated profit, EUR in millions	1,514	2,171	2,002	1,427	1,636
Total assets, EUR in billions	489.1	503.0	507.0	472.2	485.8
Volume of lending, EUR in billions	440.3	447.0	472.4	471.7	483.5
Volume of business, EUR in billions	572.5	587.2	609.2	572.1	590.7
Equity, EUR in billions	21.6	25.2	27.1	28.7	30.3
Tier 1 ratio, in %	14.1	18.3	22.3	20.6	20.1

Comparison of KfW Group's total commitment volume, EUR in billions

KfW Group¹	74.1	79.3	81.0	76.5	75.5
Domestic promotional business²	47.6	50.5	55.1	51.8	46.0
SME Bank & Private Clients	36.4	38.6	43.7	42.4	36.3
Customised Finance & Public Clients	11.2	11.8	11.3	9.3	9.5
KfW Capital	0.0	0.1	0.1	0.1	0.1
Capital markets	1.2	1.1	1.3	1.5	1.5
International business	25.5	27.9	24.9	23.5	28.3
Export and project finance	16.6	20.2	16.1	13.8	17.7
KfW Development Bank	7.4	6.7	7.3	8.2	8.7
DEG	1.5	1.1	1.6	1.6	1.9

¹ Adjusted for commitments made in Export and project finance with funding from KfW programme loans (2014: EUR 153 million, 2015: EUR 229 million, 2016: EUR 273 million, 2017: EUR 372 million, 2018: EUR 245 million)

² The restructuring of the domestic business has led to changes in the breakdown of corporate figures for the individual business sectors.

Employees

How we shape our role as a responsible employer

Every day, KfW Group employees work hard to promote increased sustainability around the world. They challenge themselves to transform ideas into a tangible reality. Their commitment is needed wherever there is a project backed by people with a vision. Whether we're dealing with private investments, international construction plans or global projects, we support the doers behind the visions, the experts and the courageous up-and-comers.



2018 saw KfW continue to promote inclusion



A proportion of **27.1%** of women at divisional management level means that KfW already exceeded its target rate for 2019 in 2018



24/7 hotline – a new service for employees with family members in need of care

Human resources policy¹

The purpose of our human resources work is to systematically provide our staff with the best possible support in their roles with a diverse range of options and measures. To attract and retain employees, KfW Group cultivates an attractive and healthy working environment, is committed to initial vocational training, and offers a wide range of development options. A healthy balance between work and family, and equal opportunities for all employees are two key concerns at KfW Group. With this work, the group is living up to its social

responsibility and establishing a strong position in the increasingly tough competitive market for up-and-coming talent.

Personnel structure

As of the end of 2018, KfW Group employed a total of 6,569 people.² A total of 26.9% of them worked on a part-time basis. The fluctuation rate in 2018 was 3.3% at KfW, 6.1% at KfW IPEX-Bank and 3.5% at DEG.

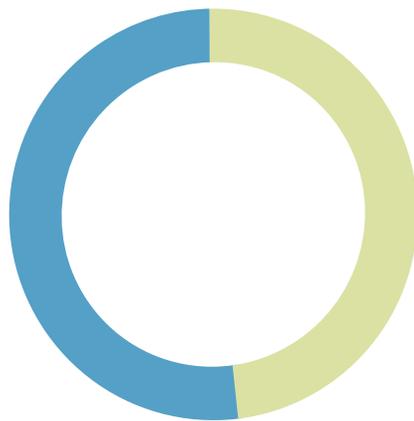
Workforce – broken down by gender

	2016	2017	2018
KfW Group total	6,106	6,286	6,569
thereof, women	2,970	3,051	3,179
KfW	4,872	4,990	5,184
thereof, women	2,361	2,398	2,493
KfW IPEX-Bank	673	683	708
thereof, women	316	320	339
DEG	561	613	677
thereof, women	293	333	348

¹ KfW Capital – which was only established during the course of 2018 – is not included in the figures in this chapter. As it is still under development, the figures for this subsidiary would not be significant. It will be fully incorporated into the reporting process from the coming year onwards.

² All figures are rounded to one decimal place. Furthermore, the figures for the group are calculated in summary form. In general, all the figures reported in this chapter do not include temporary employees, contractors, or staff at the representative offices (locals) unless otherwise stated (→ overview of key figures, page 75–83).

KfW Group employees according to gender in 2018



6,569 employees in total

■ 3,390 men ■ 3,179 women

KfW is expressly committed to fair, transparent and non-discriminatory remuneration principles and to the same standards for the evaluation process. This was specifically substantiated in a staff agreement concluded at the end of 2017. The remuneration systems do not draw any distinctions on grounds of gender, nationality, ethnicity or religion.

Activities that fall under collective bargaining agreements are assigned in accordance with collective bargaining pay scale groups for the private banking sector and public banks. When evaluating and assigning functions in areas not governed by collective bargaining agreements, requirements, qualifications and special skills are taken into account. The remuneration of employees who are not covered by a collective bargaining agreement is regulated by a staff agreement at KfW without subsidiaries, and by appropriate company agreements at KfW IPEX-Bank and DEG. For the individual levels not covered by a collective bargaining agreement, different salary ranges are prescribed and form the basis for remuneration. Furthermore, the variable component is based on performance assessments focusing equally on the achievement of qualitative and quantitative targets.

In terms of both content and substantive structure as a whole, the remuneration system of KfW without subsidiaries is based on its business model as a state-owned promotional bank. It is designed as a performance-based remuneration system and is characterised by a focus on fixed remuneration and a very small variable remuneration component when compared with conventional commercial banks. The variable remuneration is fixed using a three-pronged approach encompassing the criteria of promotional objective, earnings and risk, and takes the sustainability of business success into particular account in accordance with Section 7 of the German Remuneration Ordinance for Institutions.

Remuneration and employee participation

In terms of working hours, holiday entitlement and remuneration, KfW staff are subject to the regulations of the collective bargaining agreement for the public and private banking sectors. The percentage of pay-scale employees is 26.8% at KfW, 19.8% at KfW IPEX-Bank and 30.4% at DEG (not including temporary staff and interns).

The amount of the overall payout volume is determined on an annual basis by the Executive Board or, respectively, the managing directors. When assigning employees to foreign posts, KfW provides additional benefits which meet the local economic and safety-related requirements.

The principles of fair remuneration

Every year, KfW Group applies a structured procedure to assess its employees' performances. Employee target management and performance evaluation are both important instruments for corporate management, leadership and motivation. Performance management results create the basis for determining remuneration in KfW Group.

As of 2018, all KfW Group employees have been able to assert their right to access information according to Section 10 of the German Transparency of Remuneration Act (Entgelttransparenzgesetz). To this end, they can learn about the criteria and procedures used to determine remuneration and make enquiries regarding median monthly gross remuneration and up to two salary components of a peer group of the respective other gender. All companies within KfW Group have implemented this legislative requirement.

Pensions and additional benefits

KfW Group employees with open-ended contracts – around 89.6% of staff – gain entitlement to pension benefits during the course of their employment, and are also entitled to disability benefits and benefits for surviving dependents. The exact details and extent of these benefits are based on the

pension regulations issued by KfW and its subsidiaries. All benefits provided by KfW are financed by the employer and depend on the total pensionable components paid and the employee's length of service at the company; DEG uses its own separate models in this area.

KfW Group also offers its employees voluntary deferred compensation for pension benefits, reimbursement for travel costs to and from work, private accident insurance and access to a low-interest building loan.

Additional company benefits do not vary according to the number of hours worked. A few additional benefits are not offered to employees on a fixed-term contract or temporary employees, such as access to a low-interest building loan.

Employee participation through staff representatives

The German Federal Staff Representation Act (Bundesperson-alvertretungsgesetz – BpersVG) governs the representation of staff interests for all employees within KfW. Employee interests are represented by a General Staff Council, which is responsible for issues across all locations and meets every four weeks, and by the three local staff councils in Frankfurt, Bonn and Berlin, which meet once a week. There are separate staff councils at KfW IPEX-Bank and DEG in accordance with the German Works Council Constitution Act. In addition, KfW IPEX-Bank and DEG also have a supervisory board with elected staff representatives. The different laws on employee participation (German Federal Staff Representation Act and Works Council Constitution Act) make it impossible to create a group works council. The responsible bodies and affected



The remuneration systems do not draw any distinctions on grounds of gender, nationality, ethnicity or religion

employees are involved as early on as possible and in a comprehensive manner, especially during change processes – such as internal restructuring, major new projects or decisions on corporate strategy. This inclusion process can take a number of forms, including face-to-face information from line managers, in-house information events and Intranet notifications. An Equal Opportunities Officer, elected by female employees at KfW, also represents their interests. Furthermore, the interests of employees with severe disabilities are represented by the relevant KfW, KfW IPEX-Bank or DEG representative for employees with severe disabilities.

Various interest groups are integrated into KfW's remuneration policy in different ways:

- Shareholders are incorporated according to the KfW Bylaws through the Board of Supervisory Directors and the Remuneration Committee.
- Employees can exercise influence through the employee representatives – in other words, the staff councils – in accordance with the German Federal Staff Representation Act or Works Council Constitution Act.

Employees in foreign offices

Local KfW Group staff working in our foreign offices receive the working hours and social benefits governed by their national legal requirements. These are similar to benefits offered by comparable international companies in their local areas.

Freedom of association and collective bargaining are also fully ensured for seconded staff in KfW Group foreign offices. Furthermore, all contractors awarded KfW-financed contracts for consulting, delivery and construction services related to the implementation of Financial Cooperation projects are required to sign a declaration of undertaking that they will fulfil the applicable labour laws, International Labour Organization (ILO) core labour standards, and the national and applicable international standards for environmental protection and occupational safety.

Diversity and equal opportunities

KfW Group is committed to diversity and equal opportunities: nobody may be discriminated against on grounds of nationality, ethnicity, gender, religious beliefs, world view, disability, age or sexuality. This is also recorded in KfW's mission statement: "Our behaviour is shaped by respect, esteem and integrity. The balance of work and life is important to us. We want openness and diversity, and we collectively uphold decisions that have been made." Regular exchanges with KfW IPEX-Bank and DEG ensure that all measures and initiatives in the area of human resources policy are based on shared corporate values. Many measures applied by KfW are therefore described in the following and supplemented by initiatives from KfW IPEX-Bank and DEG.

All Human Resource (HR) issues are derived from KfW's mandate and business strategy:

- Promotion of staff employability in ways that enable employees to fulfil KfW's promotional mandate
- Organisation of a sustainable working environment
- Setting of trends for further development of the corporate culture
- Continual improvement of employer appeal in order to recruit the best employees and retain talent

The measures, initiatives and instruments in the area of diversity and equal opportunities are described with particular emphasis on the issues of equality, work-life balance, flexible work and inclusion. External employer appeal is measured using employer rankings such as Trendence and Universum, while employee satisfaction is assessed through in-house surveys.



Green mobility

A staff survey conducted in August 2018 looked closely at satisfaction levels with KfW's range of mobility options and employee needs during business trips and their journeys to and from work. Over 2,100 employees took part. The aims of the survey included recording the modes of transport used for commuting and business trips, gaining insight into employee attitudes, and researching new ways to improve the sustainability of staff mobility. For instance, the majority of employees travel to work using suburban trains, underground lines or bikes. For most participants in the survey, the key to improving the sustainability of mobility lies in technical solutions (video conferences, for example), flexible working hours (to avoid traffic jams) and the provision of in-house bicycles – all solutions that are already on offer. Further measures are being analysed and implemented where appropriate in an effort to increase overall satisfaction.

2,100

employees took part
in a survey on mobility
in the group

Gender equality

KfW, KfW IPEX-Bank and DEG have different corporate forms, which is why KfW and the subsidiaries operate under different laws in the area of equality. This explains why there are discrepancies such as different measures and target ratios. Regardless of this fact, a commitment to ensuring equal opportunities for men and women – including in relation to remuneration – has been a key component of KfW Group’s human resource policy for the entire group.

The fourth Equal Opportunities Plan drawn up for 2016–2019 applies to KfW. KfW developed this plan together with the Equal Opportunities Officer and substantiated it with specific targets and measures. The plan thus sets new trends in line with the German Federal Equality Act (Bundesgleichstellungsgesetz):

- Gender equality
- Improved reconciliation of career, family and care-giving
- Motivation – for men in particular – to make more use of the offerings for this purpose

Objectives and measures of the new 2016–2019 Equal Opportunities Plan ✓

<p>1 Increase in the proportion of women in management and positions not covered by collective bargaining agreements</p> <ul style="list-style-type: none"> – Target quotas for management level (departmental management 17 %, divisional management 26 % and team leaders 35 %) – Define quotas for expert levels – Increase employer appeal for women – Continue to use successful processes and instruments 	<p>2 Incorporate equal opportunities into the culture</p> <ul style="list-style-type: none"> – Enable managers as promoters – Create transparency for equal pay – Establish cultural awareness of equal opportunities 	<p>3 Reconcile career, family and care-giving</p> <ul style="list-style-type: none"> – Optimise family-oriented offerings – Expand framework of services for providing care – Motivate men to use work-life balance offerings – Use flexible working hours and locations 	<p>4 Establish human resources policy aligned with the various phases of life</p> <ul style="list-style-type: none"> – Analyse and further develop effective instruments – Develop and implement new human resources policy elements
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KfW’s 2016-2019 Equal Opportunities Plan

Several measures have been applied as part of the ongoing review of the Equal Opportunities Plan, including the further expansion of the flexible working models project. For instance, various working hour models were again revised in a transparent manner and illustrated with specific case models in 2018. The aim was to illustrate applicability during various phases of life.

In addition to information about the Equal Opportunities Plan and the resulting KfW measures, the targets and the respective percentages for women in KfW IPEX-Bank and DEG management positions are also listed in the following.

Proportion of women in management in 2018 in % 

	KfW	KfW IPEX-Bank	DEG
Executive Board	20.0		
Members of the Management Board		25.0	66.7
Heads of Department	12.5	-	22.2
Heads of Division	27.1	27.8	31.7
Team managers	36.1	29.9	-

Data as of December 2018. Figures were left out in categories where those hierarchy levels do not exist. The group was not presented as a whole due to these deviating hierarchy levels. The total figures are based on all employees in the corresponding level of the hierarchy.

Increasing the proportion of women in management and senior specialist positions

The recruitment processes and HR development tools already introduced as part of the 2011–2015 Equal Opportunities Plan to increase the proportion of women, particularly in management roles, have been successfully integrated into ongoing HR processes. Examples include:

- Mentoring: New team leaders are mentored by experienced managers.
- Part-time managers: 15% (74 people) of the 483 managers at KfW worked on a part-time basis in 2018. We distinguish between part-time management on a stand-alone basis – where a unit is led by a single manager, and tandem management – where a team or department, usually large in size, is led by two managers who share the workload. KfW currently employs 14 people (3%) who are tandem managers.
- Selection procedure: Care is taken to make sure the selection committee has an equal gender balance where possible.

KfW will continue to pursue the objective of increasing the proportion of women in management and senior specialist positions using both internal promotions and external recruitment until the end of 2019. These measures are expected to achieve a target ratio of 35% in team management, 26% among Heads of Divisions and 17% among Heads of Departments. By the end of 2018, the ratio of female Heads of Department at KfW was 12.5%, 27.1% for female Heads of Division, and 36.1% for team managers.



A proportion of 27.1% of women at divisional management level means that KfW already exceeded its target rate for 2019 in 2018

In the course of implementing new requirements in conjunction with the German Limited Liability Companies Act (GmbH-Gesetz), KfW IPEX-Bank set itself a target of a proportion of 31.6% women at the level of Head of Division by 30 June 2022. At 27.8%, this target figure had not been reached by 31 December 2018, but would already be exceeded if one additional Head of Division position were to be staffed with a female employee. At team management level, the target to reach a quota of 30% by 30 June 2022 had already almost been met by the end of 2018 with a rate of 29.9%. The target figure of 25% for the proportion of women in management board positions by 30 June 2022 had already been met by 31 December 2018.

In the context of compliance with the German Limited Liability Companies Act, DEG defined a minimum target for management-level positions by 2021 in which proportions of 33% for the top management level, 22% for the Head of Department level and 30% for the Head of Division level were stipulated. All targets were fulfilled or even exceeded. The equal opportunities concept there continued to be developed further in 2018, including activation, promotional and development measures in line with equal opportunities.

Incorporating equal opportunities into corporate culture

Incorporating equal opportunities requires role models and time to succeed in the long term. KfW Group also continued the transition in 2018 by applying best-practice examples. A total of 27 mentees (14 of whom were female) and 27 mentors (nine of whom were female) took part in a mentoring programme in the financial years 2017 and 2018. A further four people (three of whom were women) worked together in a cross-mentoring project in 2018. In general, female managers, representatives from the Human Resources department and the Equal Opportunities Officer are incorporated into all selection processes.

27

mentees completed the mentoring programme to promote equal opportunities at KfW during 2017 and 2018

Reconciling career, family and care-giving

An even work-life balance is an important prerequisite for the health, employability and continuing professional development of staff. In particular, this applies to employees with family responsibilities. In addition to childcare, providing care for family members has increasingly become part of those responsibilities.

In 2018, KfW and KfW IPEX-Bank further expanded the support on offer for better reconciliation of work and private life – in the areas of childcare, long-term care and psychosocial counselling, in particular. As of this year, for example, employees across Germany have been able to access childcare for five days during the holidays each year for all their school-age children. Furthermore, an additional cooperative partner – on top of the existing social counsellor on site – has been on hand to provide advice during family crises and offer support for conflicts at work since the end of 2017. In addition to personal counselling, there is also a 24-hour hotline available seven days a week.

Framework services for care-giving

To support its employees as they provide care for their relatives, KfW Group has established a wide range of care-giving services, which it continued to expand throughout 2018: The following services have now been added:

- On-site drop-in sessions: A specialist in elderly care offers a monthly drop-in session at KfW and KfW IPEX-Bank locations. Employees have the chance to speak to experts about all care-related issues.
- 24/7 hotline: Furthermore, employees can access a hotline for any urgent issues relating to family members requiring care.
- Training: A specialist in the area of elderly care offers workshops at KfW and KfW IPEX-Bank locations, covering the following topics: “Everything is tough in the beginning”, “Dementia or just forgetfulness?” and “Movement and touch”.
- Information events at all locations: Information events were held at all locations to raise awareness of the options available relating to care at KfW and KfW IPEX-Bank and to introduce the new service provider in the area of elderly care.

The following services were already available prior to 2018:

- Employees can access up-to-date information on the Intranet, including practical guidelines and an emergency folder.
- Care Guides: An additional employee at the Frankfurt site was trained as a Care Guide in 2018. As such, there are now nine Care Guides spread across three German locations, acting as the first port of call for employees.
- “Last Aid” course: In 2018, the Frankfurt site offered a training course on dealing with the end of life.

24/7

hotline – a new service
for employees with family
members in need of care

- “Care Charter”: Established in 2011, the charter is the first organisation in Germany that sheds light on employers’ existing activities in the area of ‘work and care-giving’. KfW regularly attends the network meetings and hosted an event at the end of 2017. It also supports the charter’s expansion by taking part in a support group with other companies.
- DEG has teamed up with the external service provider pme Familienservice to offer its employees the opportunity to learn about care-giving options on the market, support when searching for suitable care-giving personnel or home carers, or support when searching for a nursing home and enquiring about financing options.

Childcare

KfW Group offers a diverse range of work-life balance packages. One concept applied at every location is the parent-child office. This provides workspaces for parents as well as space and playing facilities for children up to 12 years old. This service is used on a very regular basis. Furthermore, KfW and KfW IPEX-Bank have maintained a company kindergarten at the Frankfurt location since 1973 with capacity for 45 children and also reserve ten slots for childcare in the Erasmus kindergarten and 66 day care slots in two further facilities. For childcare at other facilities, employees can access extensive databases with lists of nursery places. From 2019 onwards, this database will be expanded to include schools and after-school care facilities across Germany. Employees across Germany can also access 24-hour emergency care from a family service all year round in the case of last-minute childcare requirements.

From 2019 onwards, KfW will also be organising conference childcare services where needed at conferences hosted by KfW. Assistance for finding babysitters and au pairs, and a very comprehensive holiday programme are also available and used by large numbers of employees. All these childcare options are available for KfW and KfW IPEX-Bank staff in Frankfurt and Berlin. DEG not only offers its employees in Cologne a childcare allowance, it also provides access to emergency childcare options via a family service provider and support when organising regular childcare options.

Work and family audit

Testimony to KfW and KfW IPEX-Bank’s strategically planned, family-friendly human resources policy is borne by their certification under the “Work and family audit” performed by the non-profit Hertie Foundation, an accolade which both companies have held since 2001. DEG has been certified since 2012. Work on the measures required for the audit continued in 2018, including in the form of a responsible approach to flexible working models, a dialogue with male staff on the reconciliation of work and private life, and an expansion of the offers available from in-house health management.

Flexible forms of work

KfW Group enables its employees to combine their work and family lives as well as possible, each in their own unique ways. To do so, it offers them a wide range of part-time models.

For instance, KfW has its own working hours policies that include autonomous working hours (initially only for non-pay-scale employees) and a clear plea for flexible work hours and increased use of home office options. The pilot stage of the staff agreement on working hours – which has been in place

45

spaces are available in
the in-house nursery at
KfW’s Frankfurt office

Inclusion

since 2015 – is due to run until the end of 2019. The agreement aims to promote more conscious management of time spent working, and to achieve a systematic move away from a culture that is based on how many hours someone spends in the office to one that focuses on the results that an individual achieves. The declared objectives of the agreement are to give employees more responsibility and to allow more flexible arrangements in terms of working hours and place of work, while taking KfW's business needs into account at the same time.

The project “Dealing with flexible forms of work” has also been incorporated into the pilot phase. The areas of action were identified on the basis of a review of KfW in relation to business prospects and the use of working models, as well as the results of an employee survey. This review process was complemented by a company-wide benchmark assessment. As a result of this process, increased transparency surrounding working models, a user guide for mobile working, and skills advancement regarding flexible work were all identified as areas of action. In principle, mobile working is available to any employee whose duties and working environment allow them to work outside KfW's premises, provided this has been approved by their line manager. Clear arrangements regarding availability, joint attendance days and other team rules must be clarified in advance.

KfW Group supports the inclusion of persons with severe disabilities as an aspect of exercising its social responsibility. With the inclusion agreement between the general representative for those with severe disabilities (GSBV) for KfW and KfW's General Staff Council (GPR), it affirms the target of promoting inclusion within the group in the coming years in line with the UN Convention on the Rights of Persons with Disabilities.

The overarching objective of the inclusion agreement is to facilitate access to employment at the company for persons with severe disabilities while taking staff requirements into account, on the one hand, and supporting the professional development of employees with severe disabilities on the other. Publishing this statement both on the Intranet and on KfW's website substantiated the obligations associated with this statement. The Human Resources department has drawn up a project “Förderung von Inklusion” (promoting inclusion) to meet the requirements associated with this statement. An analysis of the current situation, and the resulting associated measures, were discussed with staff from different levels of the hierarchy and the representative for employees with severe disabilities. A catalogue of measures was developed in a collaborative process.

Several of these initiatives could already be implemented in 2017. However, the majority were implemented in 2018. Two training sessions and a workshop on the topic of inclusion were held within the Human Resources department. Employees also had the opportunity to watch an in-house film to learn about the day-to-day lives of their colleagues with severe disabilities. An information flyer on the topic of inclusion was developed for members of the HR department.



Training sessions, workshops and events on the topic of inclusion were held in 2018

The Frankfurt site held an “Inclusion Day” event in August 2018. Respected speakers, a range of interactive stations and internal event marketing materials helped to inform staff about the subject of inclusion. Employees were made more aware of visual impairments, for example, and had the chance to experience life from the perspective of a wheelchair user.

In external communication KfW’s HR marketing strategies were adapted to appeal more specifically to applicants with severe disabilities. The text and images in KfW’s job adverts were designed so that they also appealed to people with severe disabilities. In 2018, KfW also began posting all jobs on the target-group-specific recruitment sites MyHandicap and Capjob. Managers were provided with more advice and received help to prepare for interviews with applicants with severe disabilities. Further internal and external measures to promote inclusion at KfW are planned for 2019.

Last year, DEG participated in the city of Cologne’s pilot project “Mentoring for university graduates with disabilities / health impairments in the transition from higher education institutions into small and mid-sized companies”. The project’s aims included testing this staff development instrument for needs-based, successful and inclusive staff management to increase companies’ perception of university graduates with health impairments as potential experts and managers. As a result, KfW was once again able to slightly exceed the statutory quota of 5% for the employment of staff with severe disabilities, with a rate of 5.6% for 2018. The statutory quota for employment of severely disabled staff at KfW IPEX-Bank was 2.3%. At DEG, it was 3.3%. The definition of jobs to be

taken into account and used for these calculations and determination of the quota are stipulated by volume nine of the German Social Code (SGB IX). The figures are calculated using the software prescribed by the German Federal Agency of Employment.

Overall, permanent employment relationships are to be created and maintained. This will encourage managers to appropriately take into account individual reduced productivity resulting from the disabilities of severely disabled employees and those in comparable situations. This also applies to cases of reduced personal performance for which an employee is not responsible in a given evaluation year (for example, due to a prolonged illness). Using the known evaluation sheet, the rendered services are to be assessed in a fair, balanced way independent of gender, part-time status or other similar factors.

To make sure their interests are represented appropriately at KfW locations, employees with severe disabilities elect a representative for them. DEG and KfW IPEX-Bank also have a selected representative body for employees with severe disabilities that represents the interests of this group.



The Frankfurt office held an Inclusion Day in 2018 to raise KfW Group staff awareness of the topic of inclusion in day-to-day working life

Conflict management

Employees who feel they are discriminated against for reasons contained in the German General Equal Treatment Act (AGG) can contact the respective AGG representative. No verified cases of discrimination were recorded at KfW in the period under review. Suspected cases are generally recorded by an internal complaint unit, and then analysed and handled in collaboration with the respective people or departments. Furthermore, the KfW Fair Play agreement includes a counselling concept that demonstrates ways of solving conflicts. Trained conflict resolution officers are also available for consultation. As a supplementary measure, a stable committee system made up of the Staff Council, Equal Opportunities Officer and representative for employees with severe disabilities ensures that a range of different contacts are available.

Professional prospects

Attracting, developing, and retaining capable employees is key to the long-term success of KfW Group in view of demographic and social transformations – and is a matter of responsibility as well. In its management principles, KfW Group commits to creating a trusting working environment. All instruments for developing and selecting managers are founded on a behaviour-based competence model and are aligned with a clearly defined target vision for good management.

Training

KfW Group has been offering a range of different ways to enter into working life for decades now. It trains employees in different professions and subject areas at all locations as required. As well as banking experts and office managers, the Berlin office also trains mathematical and technical software engineers. The company also offers a range of sandwich degrees with a focus on business economics or IT, as well as an assortment of trainee programmes. The total number of interns, sandwich degree students, and vocational and graduate trainees at KfW was 207 as of 31 December 2018 (previous year: 210). This equated to a training rate of 4.0% (previous year: 4.2%). In the same period, the training rate was 3.1% (2.5%) at KfW IPEX-Bank and 4.6% (2.3%) at DEG.

As of the end of 2018, 101 young people were undergoing their first vocational training course (134) at KfW, of whom 64 were sandwich degree students (71). The number of graduate trainees stood at 50 (47) as of 31 December 2018. In the course of the year, 143 students completed internships at KfW Group (129), all in compliance with the guidelines of the Fair Company Initiative. The application process is adapted for applicants with severe disabilities.

In cooperation with a Frankfurt-based association that aims to promote career advancement for women, KfW has been offering its traineeship for “office management specialists” also as a part-time model since 2016. This means that single mothers, for example, can be given the opportunity to complete a traineeship in a way that is reconcilable with their personal circumstances.

Continuing education

KfW Group offers its employees a wide range of continuing education opportunities. These opportunities are available to all employees and managers at KfW Group. Needs assessments are performed on the basis of past experience as well as through ongoing personal dialogue between HR business partners and the departments’ talent and skills managers. Issues concerning sustainability are covered in the training programme for the Financial Cooperation area, for example (environment, energy, water, etc.). Training related to health matters is also available, including a “Healthy leadership” course for the managers target group. Depending on the subject at hand, KfW also brings in external training providers. For instance, in August 2018, the Institute for Sustainable Leadership at the University of Cambridge ran a seminar for members of the Executive Board and heads of departments on the latest developments in the field of sustainable finance.

Management training, interpersonal and communication skills, language courses and technical training were the priorities during the period under review. The average number of hours of continuing education per employee for 2018 was 16 hours

for KfW employees, 12 hours for KfW IPEX-Bank staff and 11.4 hours for DEG employees. In-house training was supplemented by external training measures where necessary. KfW IPEX-Bank and DEG also offer their own continuing development programmes, which place more focus on specialist development measures.

Further development

All KfW Group employees receive feedback from their line manager about their performance during the past year in the context of an annual performance review.

Other topics discussed during this conversation are qualifications, development and feedback. Beyond the annual performance review, managers can use a structured 360-degree method to collect feedback from superiors and employees in their division. This serves as a reflection of leadership behaviour and encourages a positive, constructive feedback culture and cooperation. This feedback makes it possible to derive targeted individual training measures.

A successor management system for management positions creates transparency concerning the succession situation at different hierarchy levels and serves as the foundation for internal recruiting recommendations. Candidates for leadership positions are required to successfully complete the respective potential assessment procedure for team or division management positions. The central challenges for managers include personal credibility and authority in their appearance and actions. The leadership competence model developed specifically for KfW and KfW IPEX-Bank creates the basis for this.



Seminar for Executive Board members and heads of departments on the topic of sustainable finance

For managers themselves, KfW and KfW IPEX-Bank offer various opportunities for exchange such as the FiT network – Führen in Teilzeit (part-time management). Heads of teams, divisions and departments can exchange experiences here in moderated roundtable discussions. The FiT models facilitate long-term performance for the company at all hierarchy levels because management does not have to be connected to full-time employment; units can be managed part-time or in tandem. This makes prospective investments in the development of managers' potential profitable. Overall, the proportion of part-time managers is stable and was 15% at KfW and 12.4% at KfW IPEX-Bank in 2018.

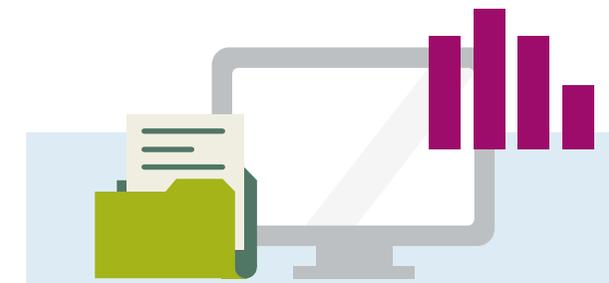
Digitisation and agile working

Digitisation offers KfW Group a wealth of opportunities in personnel development and change management. The focus is on the changes in working relationships, management and communication caused by digitisation in the long term. The term “new work” often used in this context shows that a change in mindset will be required in the future. KfW has been preparing its employees for “new work” in a structured manner since 2016. Employees, the Staff Council and entire organisational entities are addressing the new forms of collaboration in workshops, learning journeys and hands-on days. Multiple training sessions and offers relating to the topic of agile work were also added in 2017/2018.

A key tool is the digital academy that was established in 2016. KfW and KfW IPEX-Bank have been promoting the exchange of knowledge and experience of digitisation via the intranet and virtual platforms since the beginning of 2017. On top of this, there are also meetings for employees to share their experiences in person, such as the “Community of Practice network for agile users and interested parties”.

Input is provided by members of a pool of in-house and external experts to provide impetus and opportunities to KfW and KfW IPEX-Bank for teams to try out agile working methods. The digital academy was developed in line with the spirit of “new work” by HR and the Digital Office from group management and was set up on an interdisciplinary basis.

A further interdisciplinary initiative focusing on the new world of work in the age of digitisation is the “KfW agile” group. This group is made up of members of HR, the Digital Office, Internal Consulting and IT, who work together to create a framework for agile work at KfW. To do this, they use various formats for information and exchange on the one hand, while also providing specific impetus on issues such as processes and instruments in the organisation, on the other. The departments mentioned above are also represented in the “Transition Team Scrum”. This interdisciplinary team supports IT's switch to the Scrum method. In addition to process understanding and knowledge, corporate culture and cooperation also play a major role in this transition.



“KfW agile” – an interdisciplinary initiative improving efficiency and cooperation

Safety and health

To maintain and increase its employees' performance capacity over the long term, KfW Group operates its own health management services. The focus of these services is to make sure the working environment including workstations is appropriate, to avoid risks at work and to prevent accidents. A certifiable management system for health and safety at KfW Group is currently in the planning stages.

Health management

Preventive healthcare is the basis for healthy daily working life at KfW Group. In terms of strategy, the health management concept is based on the Finnish model, the "House of Work Ability". As such, the company offers a range of areas of actions and measures:

Health check: The voluntary check-up for members of top management and team leaders at KfW and KfW IPEX-Bank allows staff to undergo a physical check-up to measure their endurance and also includes an optional assessment of their personal risk of occupational burn-out. A consultation session held after the check-up provides individuals with advice on how to change their lifestyle based on the results of the examination. Half of the companies' team leaders had already taken part in the check-ups by the end of 2018, and with encouraging results: the participants have above-average levels of physical fitness compared with the average for the normal population.

Preventing psychological strain: Risks arising from high levels of psychological strain are surveyed by KfW in the context of a risk assessment. Together with the company's managers, measures are developed and implemented for work tasks with increased psychological strain. An analysis of psychological strain has already been conducted on sample job roles with the help of a screening procedure developed by the University of Potsdam. Possible stress factors were also recorded, evaluated and, where necessary, reduced during workshops. The overall picture is very positive, with only a few departments experiencing small peaks in stress. The psychological risk assessment process is currently being restructured.

Corporate sports programme and increased awareness: KfW Group offers a broad spectrum of subsidised corporate sports. Furthermore, it also offers prevention courses. For instance, the health platform "DEG-machfit" launched at DEG in 2017 provides access to numerous subsidised and certified prevention and health courses. So far, 91% of DEG employees have registered for the platform. KfW is currently reviewing the introduction of this platform.

In order to further raise awareness about health issues, KfW Group runs regular physical fitness days. Inspired by a day of action on the subject of cardiovascular health in 2017, the advanced education format "Verhalten im Notfall" (response in medical emergencies) will continue to be offered and is in high demand. The focus for 2018 was on "Reconciliation of sport and work". A keynote speech and podium discussion helped to raise KfW staff awareness of this increasingly important subject.

Care from company physicians: KfW's Occupational Health Office is available to staff at KfW and KfW IPEX-Bank employees. At KfW's Frankfurt locations, the office is staffed five days a week and provides emergency care, immunisations and counselling for KfW secondees and any employees travelling for business purposes. In the Berlin and Bonn locations, the Occupational Health Office is staffed on certain days. Secondees posted outside Europe and those going on business trips to countries outside Europe are at increased risk of infectious diseases. These groups of people are thus given regular health counselling and check-ups. If necessary, they are also vaccinated.

Occupational safety

As employees of a financial service provider, KfW Group staff are at low risk for health hazards and injuries. Absence rates are therefore not considered the primary focus. A total of 80 work-related accidents from work, commuting and corporate sports programme accidents were reported in the entire group in 2018 (2017: 116). All of the employees are represented through existing occupational safety committees. KfW Group complies with the rules for occupational safety and health when making agreements with the occupational safety committees. In particular, KfW's aim is to make arrangements that take health-promoting aspects into account when designing the working environment.

KfW Group uses online tutorials to carry out mandatory training, including in the field of occupational safety. These tutorials inform employees about the risks involved in their work and how these can be prevented. The course takes place once a year.

80

work-related accidents
occurred in 2018 – 36 fewer
than in the previous year

Employee figures

All figures are rounded to one decimal place, apart from the absolute total employees. Furthermore, the figures for the group are calculated in summary form. In general, all the figures reported do not include temporary employees, contractors, or staff at the representative offices (locals) unless otherwise stated.

Employee structure at KfW Group

Number	2014	2015	2016	2017	2018
KfW Group ¹	5,728	5,966	6,104	6,286	6,569
thereof, women	2,824	2,921	2,970	3,051	3,179
KfW	4,541	4,763	4,872	4,990	5,184
thereof, women	2,238	2,327	2,361	2,398	2,493
KfW IPEX-Bank	649	657	673	683	708
thereof, women	302	304	316	320	339
DEG	538	548	561	613	677
thereof, women	284	290	293	333	348

¹ Including employees at Group-owned Finanzierungs- und Beratungsgesellschaft mbH (FuB) and including members of the Executive Board, managing directors and employees in an inactive working relationship.

6,569

people are employed at
KfW Group

Employees covered by collective bargaining agreements in %

	2014	2015	2016	2017	2018
KfW Group	27.5	26.8	29.0	26.3	26.4
KfW ²	28.5	27.9	27.5	27.9	26.8
KfW IPEX-Bank ³	17.1	16.4	16.0	15.1	19.8
DEG ⁴	30.9	29.0	28.5	25.4	28.6

Employees with fixed-term contracts in %

	2014	2015	2016	2017	2018
KfW Group	9.3	10.1	10.8	10.2	10.4
thereof, women	55.8	53.1	52.2	54.8	53.4
KfW	10.1	10.9	10.6	10.4	10.4
thereof, women	55.9	54.5	53.1	54.7	54.8
KfW IPEX-Bank	5.2	4.4	3.9	5.1	6.2
thereof, women	43.8	31.0	42.3	54.3	52.3
DEG	8.6	10.5	10.7	14.2	14.8
thereof, women	63.0	50.9	48.3	55.2	46.0

² Including hourly wage employees, but not trainees, sandwich degree students, graduate trainees and interns

³ Including trainees

⁴ Not including trainees, interns and temporary workers

26.4%

of KfW Group employees were employed under collective bargaining agreements in 2018

Part-time staff in %

	2014	2015	2016	2017	2018
KfW Group	21.5	24.9	25.7	26.5	26.9
thereof, women	81.6	81.4	80.0	78.4	76.6
KfW	24.2	24.8	25.7	27.0	27.6
thereof, women	81.0	79.4	78.4	76.5	75.1
KfW IPEX-Bank	19.9	21.6	23.2	23.1	24.6
thereof, women	86.8	90.0	85.6	86.1	85.1
DEG	21.0	22.6	23.7	26.0	24.1
thereof, women	82.3	87.1	88.0	86.9	80.4

Employees by region in %

		2017	2018
KfW	Germany	98.2	98.4
	World (excluding Germany)	1.8	1.6
KfW IPEX-Bank	Germany	97.3	97.0
	World (excluding Germany)	2.7	3.0
DEG	Germany	97.0	97.7
	World (excluding Germany)	3.0	2.3

Period of employment and fluctuation at KfW Group

Average period of employment in years					
	2014	2015	2016	2017	2018
KfW	11.7	11.6	11.7	11.9	11.9
KfW IPEX-Bank	9.0	9.4	10.1	10.5	10.9
DEG	10.4	10.5	10.9	10.7	10.6
Fluctuation in % ¹					
KfW	2.3	2.7	2.6	3.3	3.3
Ratio of women	1.8	2.5	2.5	1.6	1.5
Ratio of men	2.6	2.9	2.7	1.7	1.9
KfW IPEX-Bank²	3.3	5.9	2.1	7.2	6.1
Ratio of women	4.3	2.8	0.9	2.8	3.0
Ratio of men	2.3	5.3	2.3	4.4	3.1
DEG³	3.0	3.4	2.5	4.6	3.5
Ratio of women	0.9	1.4	2.0	2.1	4.1
Ratio of men	2.1	4.7	2.2	2.4	3.2

¹ Based on cost-effective FTEs (Full Time Equivalentents) in the past and calculated with regard to the average cost-effective personnel of the respective gender. Since 2017, the quota has been calculated with regard to all employees and is based on absolute employee figures on the reporting date of 1 December. Temporary employees, contractors, employees who work in the representative offices (locals) or staff with fixed-term contracts that have expired are not taken into account. The survey includes all employees that voluntarily left the organisation or are no longer available due to termination, retirement or a fatal work-related accident (calculation according to the GRI standard).

² Values prior to 2017 without temporary workers and interns, 2015 and 2016 calculated on the basis of the absolute number of employees

³ Includes fixed-term contracts (applies to data prior to 2017); without temporary staff

11.9

years was the average period
of employment at KfW

New employees by gender

	2014	2015	2016	2017	2018
KfW (headcount)	428	603	506	535	661
in % (of total workforce)	9.4	12.7	10.4	10.7	12.8
Women (in % ¹)	47.9	48.1	47.4	47.5	50.7
KfW IPEX-Bank (headcount)	39	33	44	61	73
in % (of total workforce)	6.0	5.0	6.5	8.9	10.3
Women (in % ¹)	64.1	48.5	47.7	47.5	57.5
DEG (headcount)	18	73	50	113	134
in % (of total workforce)	3.4	13.4	8.9	18.4	19.8
Women (in % ¹)	61.1	53.4	44.0	60.2	41.6

¹ Proportion of women among new employees

661

new employees joined
KfW in 2018

New employees by age group in absolute numbers¹

		2017	2018
KfW	Age group < 30	296	327
	30 ≤ age group ≤ 50	206	281
	50 < age group ≤ retirement age	33	53
KfW IPEX-Bank	Age group < 30	42	39
	30 ≤ age group ≤ 50	15	35
	50 < age group ≤ retirement age	4	3
DEG	Age group < 30	62	70
	30 ≤ age group ≤ 50	47	58
	50 < age group ≤ retirement age	4	6

¹ Figures from before 2017 are not available.

Training and education at KfW Group: training and education quota in %

	2014	2015	2016	2017	2018
KfW ¹	4.3	4.8	4.7	4.2	4.0
KfW IPEX-Bank ²	2.2	2.4	1.8	2.5	3.1
DEG ³	5.0	3.8	3.0	2.3	4.6

Professional development in hours

KfW	63,740	87,128	78,412	89,346	82,412
KfW IPEX-Bank ⁴	–	–	–	9,924	8,520
DEG	4,576	5,392	4,872	6,584	6,856

¹ Trainees, sandwich degree students, graduate trainees and interns

² Trainees and interns

³ Graduate trainees and interns, since 2018 including trainees

⁴ Training hours for KfW IPEX-Bank have been surveyed separately since 2017.

Employees on parental leave in 2018 (2017)

	Men	Women	Total
Number of employees who took parental leave in 2018 (2017)			
KfW Group	169 (189)	281 (271)	436 (460)
KfW	125 (132)	217 (203)	328 (335)
KfW IPEX-Bank	31 (38)	39 (42)	70 (80)
DEG	13 (19)	25 (26)	38 (45)

Number of employees who returned from parental leave to the workplace in 2018 (2017)

KfW Group	148 (156)	125 (140)	256 (296)
KfW	106 (103)	91 (100)	180 (203)
KfW IPEX-Bank	28 (37)	21 (25)	49 (62)
DEG	14 (16)	13 (15)	27 (31)

Number of employees who ended their parental leave in 2017 (2016) and were still under contract at the end of 2018 (2017)

KfW Group	145 (137)	142 (112)	287 (249)
KfW	94 (100)	101 (84)	195 (184)
KfW IPEX-Bank	36 (25)	23 (19)	59 (44)
DEG	15 (12)	18 (9)	33 (21)

Employees with disabilities at KfW Group: severe disability quota¹ in %

	2014	2015	2016	2017	2018
KfW	5.4	5.4	5.5	5.6	5.6
KfW IPEX-Bank	0.8	0.9	1.3	1.6	2.3
DEG	2.4	2.3	2.5	3.7	3.3

¹ Data based on disabilities law

5.6%
of employees at KfW
have a disability

Percentage of women in KfW Group in %

	2014	2015	2016	2017	2018
KfW	49.3	48.9	48.5	48.1	48.1
KfW IPEX-Bank	46.5	46.3	47.0	46.9	47.7
DEG	52.8	53.5	52.4	54.3	51.4

Women in management positions

KfW¹	29.9	29.4	30.2	31.4	33.2
Middle management ²	24.4	24.4	28.1	30.4	27.1
Senior management ³	21.4	17.4	12.0	12.0	12.5
KfW IPEX-Bank⁴	25.0	25.3	26.0	27.3	29.2
Middle management ²	31.6	35.3	31.3	27.8	27.8
Senior management ⁵	25.0	0.0	20.0	25.0	25.0
DEG⁶	30.0	30.8	30.8	33.3	30.0
Middle management ²	29.3	30.2	32.6	35.9	31.7
Senior management ³	33.3	33.3	22.2	22.2	22.2

¹ Team Head, Head of Division, Head of Department² Head of Division³ Head of Department⁴ Team Head, Head of Division and Management Board⁵ Management Board⁶ Head of Division, Head of Department

29.2%

of management positions
at KfW IPEX-Bank were
held by women

Personnel expenditure and provisions¹

	2014	2015	2016	2017	2018
Expenditure on personnel (KfW Group), EUR in millions	585	630	634	668	771
Pension provisions (KfW Group) ² , EUR in billions	2.0	1.7	2.0	2.0	2.1

¹ The 2017 report contained an error, whereby the unit "million" was used for pension provisions. This error has been rectified in this report.

² And provisions for similar obligations (IFRS 2)

Work-related accidents at KfW Group in Germany

	2014	2015	2016	2017	2018
KfW Group	76	71	113 ¹	116 ¹	80
thereof, fatalities	0	0	1 ²	0	0

¹ According to KfW's Occupational Health Office, the increase in work-related accidents since 2016 is due to the increase in commuting accidents and injuries during corporate sports activities. The total number of accidents increased due to rising employee figures.

² Commuting accident

Banking operations

How we ensure that KfW Group will remain functional for the sustainable future

KfW Group takes responsibility for the economic, ecological and social consequences of its activities in the way it structures its banking operations. Its aim is to consistently reduce its ecological footprint, primarily by running its offices in as climate-neutral a manner as possible. Sustainability also applies to its capital market activities: Income from “Green Bonds – Made by KfW” is earmarked for renewable energy.



In the future, we will save up to **1,500 tonnes of CO₂** a year by increasing energy efficiency at our Frankfurt offices



25 key suppliers were assessed according to sustainability criteria in 2018



KfW Green Bonds from 2015 and 2016 financed projects to install **4,200 MW_e** of green power

A structured approach to environmental protection

For KfW Group, climate and environmental protection in banking operations means using natural resources sparingly, avoiding waste and protecting air, water and soil.

The sustainability guidelines for in-house environmental protection at KfW Group are a key part of environmental management at the group's subsidiaries and offices. The guidelines from October 2012 will be revised for the medium term in the context of further development of the commitment to sustainability.

KfW coordinates its environmental activity across the group via a central sustainability management system; specific, concrete objectives and measures are laid down in the relevant current Sustainability Programme (→ [“Strategy” chapter, page 21–23](#)). The task force on business ecology under the direction of the in-house environmental protection officer supports the implementation of measures related to in-house environmental protection. The group also regularly reports to employees on the topic of in-house environmental protection.

KfW includes all its own buildings throughout Germany as well as all other rented buildings whenever possible in its in-house environmental data. The employee consumption figures are based on a different set of numbers to the figures in the “Employees” chapter. As such, the section on business ecology considers both full-time KfW Group employees as well as long-term contractors at the company's offices, as they also contribute to energy and water consumption, for instance, and waste creation. The figures listed below therefore relate to 7,657 people (2017: 7,402).

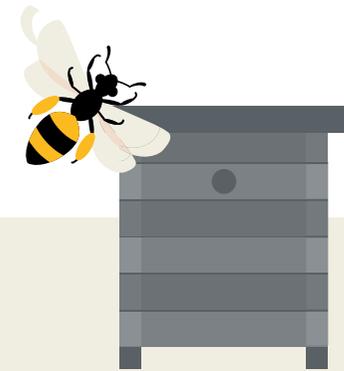
Negative environmental impacts directly caused by KfW's business activities tend to be limited. However, KfW is aware of its responsibilities concerning climate action and environmental protection and thus continually works to further reduce possible negative impacts. Furthermore, anchoring extensive internal environmental management is a matter of course for KfW. This environmental management system applies to the entire group with all of its employees and for all of its offices. The external certification of this management system has been assessed multiple times and rejected each time because a significant benefit could not be verified. Thanks to the group's ongoing commitment to in-house environmental protection, it is able to reduce the consumption of energy, water and paper, and the production of waste, while also cutting the number of business trips per employee.

Energy consumption

To support the protection of local biodiversity, KfW has planted up as many of its rooftops with grass as possible, transformed a patch of grass in Frankfurt into a wild meadow and introduced three colonies of bees there. This area is also regularly used by wild bees and butterflies. The insects in Frankfurt also benefit the biodiversity of the neighbouring Palmengarten botanical garden. KfW Stiftung has been running the project since 2013, offering guided bee tours and honey tastings as well as selling honey to KfW employees and any interested members of the public. DEG in Cologne has also been home to two colonies of bees since 2018 and presents their honey to visitors as gifts, for example.

A core objective of in-house environmental protection is to continually increase the share of renewable energy sources – as long as it is economically viable. The current share is around 55% (2017: 60%). To achieve this objective, KfW uses its own photovoltaic, solar, geothermal and wood pellet systems. The amount of solar power produced fell in 2017 because the outdated systems in Berlin and Bonn suffered technical issues or damage, meaning that some sections had to be dismantled. The installation of new systems at both sites is currently under review.

As a supplemental measure, all buildings owned or rented by KfW are powered 100% with certified green electricity; the same goes for KfW's external data centre. Because restoration work called for the use of an interim heating system, 2018 saw heating oil used for the first time in years.



The bee colonies in Frankfurt and Cologne not only produce honey but also help to protect local biodiversity

Energy consumption of KfW Group in Germany in megawatt-hours

	2014	2015	2016	2017	2018
Standard grid power	1,750	0	0	0	0
Green electricity	22,475	23,635	24,017	24,169	23,962
Cogeneration unit (electricity, own use) ¹	791	1,267	1,720	2,023	1,549
Photovoltaic (own use)	12	19	18	8	15
Photovoltaic (fed into grid) ²	-69	-73	-70	-68	-73
Emergency power generators (diesel)	51	7	51	5	7
Natural gas	15,344	16,780	18,089	19,013	18,185
Heating oil	0	0	0	0	265
District heating	406	1,500	1,358	1,281	2,042
Solar thermal energy	21	21	21	11	12
Wood pellets	523	507	451	286	604
Total	40,582	42,469	44,005	44,773	45,092
Per capita	6.0	6.7	6.6	6.0 ³	5.9

¹ For information only; not included in the total figure because the power generated in this way is included in the natural gas row.

² Negative amount not taken into account

³ The system limit for surveying employees was changed in 2017, making it impossible to perform direct comparisons with per-capita consumption in previous years.

Business travel

We are pleased that there was only a very marginal rise in the annual per-capita total in 2018. However, slightly fewer employees used the train for business travel purposes compared with 2017. Electric vehicle usage increased strongly: 16 electric or hybrid vehicles were available in the fleet in the period under review.

The number of kilometres travelled and the modes of transport used by employees on the way to and from work are not recorded and therefore are not included in these figures. Employees are entitled to have their travel costs reimbursed when using public transport or can apply for a “job ticket” from the German railway company, for example. They also have access to charging stations for electric bikes or vehicles. Additionally, there are a large number of bike racks, as well as showers and lockers for employees who cycle to work.

Business travel at KfW Group in thousands of kilometres

	2014	2015	2016	2017	2018
Car (petrol) ¹	91	161	239	301	278
Car (diesel) ¹	4,677	5,248	4,337	5,031	4,632
Car (natural gas) ¹	23	2	0	0	32
Electric	–	27	31	95	176
Train ²	4,304	4,195	4,759	5,427	5,072
Flights (Germany) ³	5,518	4,839	5,317	5,077	5,253
Flights (Europe) ³	6,469	5,229	4,826	5,697	5,464
Flights (international) ³	56,939	43,632	43,461	48,976	52,420
Total	78,021	63,333	62,970	70,605	73,327
Per capita	12.4	9.9	9.5	9.5 ⁴	9.6

¹ These rows contain all the kilometres driven by cars in the KfW Group fleet in a year. Since only company cars issued to staff are also used for private purposes, it is assumed that the kilometres travelled but not surveyed with these cars as well as kilometres travelled by taxi, rented car or private car during business trips are largely compensated for. It is currently not possible to make a more precise assessment.

² All rail travel in Germany and neighbouring countries booked through the in-house travel centre. Individual reservations and trips settled on a subsequent basis are not included, but they tend to be the exception.

³ Annual kilometres of all internal and external employees as well as external experts paid by KfW and invited guests that were booked through the in-house travel centre.

⁴ The system limit for surveying employees was changed in 2017, making it impossible to perform direct comparisons with per-capita consumption in previous years.

Energy consumption for business travel at KfW Group¹ in megawatt-hours

	2014	2015	2016	2017	2018
Car (petrol and natural gas)	200	263	659	416	428
Car (diesel)	6,725	7,391	5,071	5,953	5,506
Train	968	944	1,095	1,248	1,167
Flights (Germany)	5,027	4,409	4,839	4,626	4,785
Flights (Europe)	2,937	2,374	2,172	2,587	2,481
Flights (international)	25,850	19,809	19,558	22,235	23,799
Total	41,707	35,190	33,394	37,065	38,166
Per capita	6.6	5.5	5.0	5.0 ²	5.0

¹ Calculated according to figures from the Association for Environmental Management and Sustainability in Banks, Savings Banks and Insurance Companies (VfU); factors including upstream chain

² The system limit for surveying employees was changed in 2017, making it impossible to perform direct comparisons with per-capita consumption in previous years.

Measures for reducing energy consumption

In the context of a project for the energy-efficient restructuring of the central heating and cooling systems at the Frankfurt site, KfW completely restructured the system between the end of 2016 and spring 2019. This project was a response to the changing consumption structures within the building complex and to the challenges of the energy transition.

The measure was and is aimed at establishing a centralised, flexible and energy-efficient energy supply to the location that is sustainable in the long term. The solution uses large-scale heat pumps and combined heat and power systems to supply heating. Furthermore, waste heat from the data centre in the Westarkade building in Frankfurt will be used to heat office space in the future. The new heat pumps will raise the low temperature in the data centre to a generally usable level,

enabling it to supply a portion of the entire heating network. In respect of cooling, the company launched a highly efficient turbocore chiller in 2018. The combined heat and power system has been running on a trial basis since the end of the year under review. Altogether, these measures will enable carbon emissions to drop by up to 1,500 tonnes per year.

In 2017/2018, part of the existing uninterruptible power supply (UPS) system was exchanged for modern, smaller models in an additional project. Efficiency gains of 220 megawatt-hours of electricity per year are achieved as a result of the reduction in power loss.



In the future, the Frankfurt site will be able to save up to 1,500 tonnes of CO₂ each year

Emissions

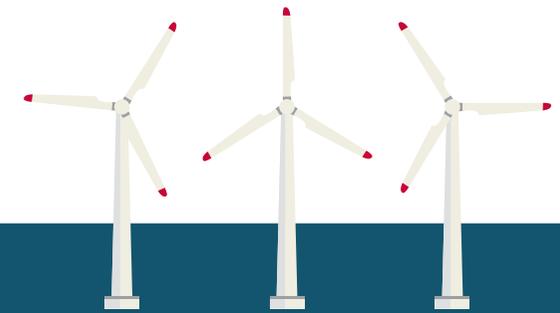
KfW Group's banking operations generate carbon emissions as a result of the consumption of energy and heat, the use of fuel during business trips, and due to events. The goal is to ensure climate-neutral banking operations wherever possible.

Climate-neutral banking operations

KfW Group's banking operations are largely climate-neutral in the areas of energy (buildings) and business trips. KfW offsets the emissions that remain despite the conversion to renewable energy sources and the use of more environmentally friendly transportation. Furthermore, it also assigns a CO₂ factor to the total green energy it consumes, as the use of green power still generates emissions. Electricity consumption at the external data centre is also taken into account in the compensation process. So far, not all avoidable emissions have been completely offset. KfW Group continually strives to record and offset as many emissions as possible.

To offset its carbon emissions, KfW Group purchases high-value Clean Development Mechanism (CDM) certificates on the market as well and discontinues them for good. In 2018, the majority of these certificates originated from a wind power project in India.

When evaluating its carbon equivalents (CO₂e), KfW uses international standards set by the Greenhouse Gas Protocol, and emissions are divided into Scopes 1 to 3. Scope 1 fell marginally by 0.8%. The rises under Scope 3 were caused by increased travel and events. The unusual 38.7% increase in Scope 2 was the result of increased use of heating oil and diesel-powered emergency generators due to building work. Nevertheless, the amount of CO₂e emitted per capita remained constant overall.



In 2018, CO₂ emissions were primarily offset by certificates for a wind power project in India

CO₂e emissions of KfW Group¹ in tonnes

	2014	2015	2016	2017	2018
Emissions from direct energy consumption (Scope 1) ²	4,636	5,095	5,260	5,616	5,571
Emissions from indirect energy consumption (Scope 2) ³	2,073	1,097	1,400	1,368	1,898
Total business travel (Scope 3) ⁴	9,446	7,394	7,411	8,208	8,665
Events (Scope 3) ⁵	102	102	74	87	101
Total	16,257	13,628	14,145	15,278	16,236
Per capita	2.6	2.2	2.1	2.1 ⁶	2.1 ⁶

¹ Unavoidable CO₂e emissions at the KfW Group have been offset since 2006.

² Natural gas, wood pellets and own fleet

³ Green electricity, district heating, oil and emergency power generators (diesel)

⁴ Only flights; short and long-distance rail travel is CO₂e-neutral per se.

⁵ Emissions for participants' travel to and from KfW buildings for events

⁶ The system limit for surveying employees was changed in 2017, making it impossible to perform direct comparisons with per-capita consumption in previous years.

Location- and market-based CO₂ emissions of KfW Group according to Scope 2 (2017) in tonnes

	Location-based, 2017	Market-based, 2017	Location-based, 2018	Market-based, 2018
Green electricity	5,869	4,636	5,819	4,596
Emergency power generators (diesel)	2,555	2,073	3,577	2,902
Heating oil	8,113	9,446	80	80
District heating	55	102	88	163
Total	16,592	16,257	9,564	7,732

According to the Greenhouse Gas (GHG) Protocol, we identified the Scope 2 emissions (from green electricity, district heating, oil and diesel emergency power generators) according to two different factors: location-based (average factor for Germany) and market-based (factor for the energy supplier) factors. This data has been recorded since 2017.

Resource consumption

Paper is one of the essential materials of a financial institution. KfW Group continuously strives to reduce consumption. This is achieved, for example, by increasing employee awareness of the environmental impacts of paper consumption and

by switching from paper-based to digital processes in specific areas. Despite an increasing level of digitisation at KfW, the total amount of paper consumed increased by around 9% in the year under review. Per capita consumption rose by around 2 kilograms in total.

By far, the largest percentage of paper used at KfW Group – nearly 84% – is recycled paper with the “Blue Angel” environmental label. Publications intended for public use are printed exclusively on FSC® paper, which means that we do not use any ECF, TCF or fresh-fibre paper bleached with elemental chlorine. Furthermore, the group only works with climate-neutral printing companies – a further contribution towards climate neutrality at KfW.

84%

of KfW Group's office paper bears the “Blue Angel” label

KfW Group paper consumption in Germany in kilograms

	2014	2015	2016	2017	2018
Recycled paper (Blue Angel) ¹	308,385	251,150	225,863	196,084	213,000
Writing paper (recycled paper – Blue Angel) ¹	5,260	3,351	3,171	2,635	1,865
Virgin fibre paper for promotional materials (FSC mixed sources label)	72,931	153,512	73,291	32,528	39,704
Total	386,576	408,413	302,325	231,247	254,569
Per capita	61.5	64.3	45.5	31.2 ²	33.3
of which, recycled paper (in %)	81	62	76	86	84

¹ Refers to 80 g/m² A4 printer and copy paper.

² The system limit for surveying employees was changed in 2017, making it impossible to perform direct comparisons with per-capita consumption in previous years.

Water management

According to the sustainability guidelines for in-house environmental protection, KfW Group strives to continually reduce water consumption within the group. Existing public infrastructure is used for waste water. Separation systems make sure that the relevant statutory limits are met.

Water consumption

Up to around 84% of water is drawn from the municipal pipeline network. The remaining 16% comes from ground water (in Berlin, ground water or stratum water occurring at underground garages is used) and collected rainwater (process water). The latter is used for outdoor irrigation at the Frankfurt, Berlin and Bonn locations and, in Bonn, it is also used for flushing toilets. The ground water in Berlin is used for toilet flushing and operating the cooling tower. After four years on a downward trajectory, per capita water consumption had more or less stagnated in 2018.

14.8

cubic metres of water
per capita were
consumed in 2018

KfW Group water use in Germany in cubic metres

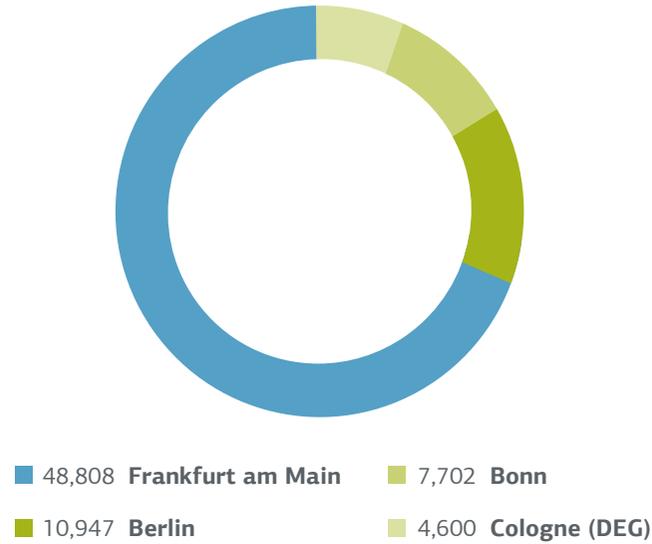
	2014	2015	2016	2017	2018
Drinking water	94,209	98,808	95,830	94,819	95,502
Other process water (rainwater and ground water)	14,231	17,355	18,313	12,912	17,750
Total	108,440	116,163	114,143	107,731	113,252
Per capita	17.2	18.3	17.2	14.6 ¹	14.8

¹ The system limit for surveying employees was changed in 2017, making it impossible to perform direct comparisons with per-capita consumption in previous years.

Waste water

KfW discharges waste water into the public sewage networks. This is common household waste water. Compliance with thresholds is ensured via separating installations – further treatment of wastewater is not required. Nothing is discharged directly into water bodies. In 2018, KfW discharged 72,057 cubic metres of waste water into the sewerage system from its four German locations. This figure also includes the stratum water (ground water) occurring at the underground garages in Berlin, the portion of which that is not needed for toilet flushing and in the cooling tower has to be pumped out. No unplanned discharge of waste water took place. Apart from the ground water in Berlin, the quantity of waste water is not measured but instead is calculated on the basis of the amount of water consumed from the grid minus the amount of water used for outdoor irrigation.

Total volume of water discharged by destination
(in cubic metres)



Waste management

Across the group, KfW has its waste collected, transported and, whenever possible, recycled by certified waste-management companies. When drawing up contracts, it makes sure that the transport routes are as short as possible.

Quantities of waste and methods of disposal

The total amount of waste in all fractions fell significantly in the year under review and by 14.7% in total.

The proportion of paper intended for recycling decreased strongly because – in contrast to 2017 – no large archives or similar quantities of paper were disposed of in 2018. As a result, the group's per capita consumption of paper to be recycled went down by around 48%.

At around 4%, hazardous waste accounted for only a small percentage of the total amount of waste. The proportion of electronic waste from the total amount of hazardous waste amounted to around 49%. This waste is always disposed of correctly; at the Frankfurt and Berlin sites, it is sent to workshops for people with disabilities while the Bonn office uses a certified disposal expert. As the owner of old electrical and electronic equipment subject to disposal requirements, KfW Group submits an annual report on any relevant waste data to the → [Stiftung elektro-altgeräte-register](#) (national register for waste electrical and electronic equipment).

Waste generated by KfW Group in Germany in tonnes

	2014	2015	2016	2017	2018
Non-hazardous waste	2,542	2,143	1,999	2,495	2,139
thereof, paper for recycling	115	406	469	396	206
Hazardous waste	53	58	32	109	84
thereof, electronic waste	–	14 ¹	20 ¹	60 ¹	41
Total	2,595	2,201	2,031	2,604	2,222
Per capita (in kilograms)	413	347	306	352 ²	290

¹ Excluding Berlin. External service providers ensure proper disposal there and are responsible as waste producers.

² The system limit for surveying employees was changed in 2017, making it impossible to perform direct comparisons with per-capita consumption in previous years.

In addition to normal forms of waste, waste may also be generated from comprehensive construction and refurbishment work. This type of waste is listed separately here to ensure that the waste table above can be compared with previous years. In 2018, a total of around 2,822 extra tonnes of waste was generated by construction and refurbishment work, only around 44 tonnes of which was hazardous waste and zero tonnes was electronic waste.

Procurement

As a bank owned by the German Federal Government and the federal states, KfW bears a great deal of responsibility and is required to uphold its status as a role model when it comes to procurement. The protection of human rights and compliance with internationally recognised environmental and social standards are equally as important as, for example, its commitment to use as many environmentally friendly products as possible. These principles are reflected in the [→sustainability guidelines for responsible procurement](#) (German only). They are part of our sustainability mission statement and apply across the group (including our representative offices) in addition to our general terms and conditions of purchase for all orders. The guidelines dated 2012 have been under revision since 2018.

KfW Group's supply chain is distributed across Human Resources, Facility Management (including office furniture and company vehicles), IT, Marketing and Communications. The only exception is food for KfW Group's catering establish-

ments. When purchasing produce, KfW's canteen at its Frankfurt site attaches particular value to regional produce and high quality. Wherever possible, it focuses on organic and fair-trade produce and short transport routes. For instance, it purchases its vegetables from local Demeter-certified farms.

KfW thus also expects its suppliers and service providers to bear corporate responsibility in order to achieve sustainable development targets. KfW procurement strives to maintain a fair and responsible relationship between suppliers and customers.

As a public-sector contracting authority, KfW is obligated to issue a formal request for Europe-wide tenders through its EU awarding unit if certain threshold values determined by the EU Commission every two years are exceeded. Principles like transparency, non-discrimination and competition are incorporated into the invitation to tender. As far as possible under public procurement law, KfW Group includes social and ecological requirements in its contract conditions for Europe-wide tenders that are tailored to the specific subject matter of the procurement. This also applies to products and services that do not reach EU thresholds and are purchased under KfW rules. Accordingly, KfW ensures fair competition and procurement conditions that are in line with the market and are economically viable.

In 2018, KfW Group's procurement volume was around EUR 623 million (2017: EUR 652 million). From a total of 2,362 (2017: 2,398) active contractors, around 91% are based in Germany and around 9% in other OECD states.



Vegetables from regional Demeter-certified farms at KfW's Frankfurt site

Ecological and social criteria

As well as requirements under procurement law and market-appropriate conditions, one important criterion for selecting suppliers is how environmentally sound they are: KfW pays attention to how products are made and supplied. To the extent that they are generally acknowledged, in assessing the sustainability of products or manufacturers KfW focuses on the requirements and specifications of recognised certification systems such as Blue Angel, Forest Stewardship Council (FSC®), Energy Star and various Fair Trade labels.

Suppliers and service providers whose products and services have a major impact on the environment must possess principles and management systems to minimise these effects. Their corporate policies should call for an efficient approach to resources, minimal strain on the environment, and the development of innovative and environmentally friendly products. KfW also places value on compliance with social principles and standards, including human rights, when awarding contracts. The main focus in this area is the revision of the sustainability guidelines for responsible procurement for 2019. For instance, KfW contractors must not employ children or allow forced labour. Workforce wages, benefits and working hours must at least comply with the local legal requirements. In addition, KfW expects its business partners not to allow bribery, price-fixing or other unfair practices and to actively oppose all kinds of corruption.

Assessment of suppliers and service providers

Within reason, KfW's central sustainability management team (with support from the Procurement division) also monitors the extent to which suppliers and service partners fulfil their contractually agreed duties of sustainable service delivery. If suppliers and service providers do not comply with KfW's contractually agreed environmental and social requirements, this can lead to their exclusion in serious cases.

In the year under review (2018), KfW's central sustainability management team assessed 25 tier-A suppliers (gross invoice value > EUR 1.5 million per year or service providers of key strategic importance to KfW) in relation to their commitments to sustainability (2017: 44). For example, the suppliers were asked whether they have environmental or sustainability management systems or if the companies exercise responsibility with subcontractors outside of OECD countries. They were also asked whether they implement the five core elements of human rights due diligence as part of Germany's National Action Plan for implementing the UN guiding principles for business and human rights. No discrepancies were identified during this process.

25

suppliers were assessed
according to sustainability
criteria in 2018

KfW in the capital market

KfW Group's good reputation in the international capital markets is based not only on its sense of ecological and social responsibility. It is also based on its excellent credit and sustainability ratings. Due to its first-class credit standing, supported by the institutional liability and direct guarantee from the Federal Republic of Germany, in particular, KfW has a Triple-A rating from Moody's, Scope Ratings and Standard & Poor's. This makes KfW a reliable partner for investors.

KfW Group bundles its long- and short-term funding activities and its liquidity, currency, interest rate and asset management for the entire group in the Financial markets business sector. KfW also takes sustainability seriously in its treasury. This approach ensures that KfW Group's promotional mandate and its treasury activities go hand in hand.

Sustainable portfolio management

1. Liquidity portfolio

KfW's liquidity portfolio is an element of liquidity management. This portfolio is a bond portfolio, which comprises only bonds from public-sector issuers and supranational organisations as well as bank bonds, German covered securities (Pfandbriefe) and asset-backed securities (ABS) which have an investment-grade rating. As of 31 December 2018, the volume of the liquidity portfolio was EUR 27.5 billion.

Upon signing the United Nations' Principles for Responsible Investment (PRI) in 2006, KfW committed itself to conducting business activities as a securities investor in a sustainable manner. The sustainability approach for KfW's liquidity portfolio includes the following components:

a) Integration of ESG criteria

When selecting investments for the liquidity portfolio, KfW has taken into account the issuers' sustainability assessment based on environmental, social and governance (ESG) criteria in addition to their credit rating since 2008.

The sustainable investment approach for the liquidity portfolio is based on a best-in-class approach. All issuers are assigned to the sectors in the liquidity portfolio (financial institutions, states and automobiles for ABS) and evaluated in comparison with other companies in their sectors against ESG criteria. This evaluation is based on the sustainability assessments performed by an SRI rating agency. According to the best-in-class approach, bonds are purchased only from issuers in the top 80% of their sector.

b) Exclusion criteria

In addition to the ESG criteria, exclusion criteria are also considered in the process for investment decisions. This should help prevent KfW funds from going to issuers who conduct activities that are expected to have unacceptable negative impacts on certain aspects of environmental and social areas. The criteria for refusing investments are aligned with the → ["IFC Exclusion List"](#) (an exclusion list issued by the IFC, a member of the World Bank Group). No exclusion criteria are taken into account for government bonds and bonds from government-related sectors.

c) Commitment

Because KfW does not hold any shares relating to its securities investments and therefore is not able to actively exercise any voting rights to steer these companies towards more sustainability, our primary approach when dealing with these issuers is dialogue. As part of this strategy, we provide issuers with annual information on their sustainability ratings and their position when compared with other companies in their sector. The aim is to send a strong signal to issuers that their sustainability rating is a relevant criterion when considering potential investments in KfW's liquidity portfolio.

2. Green bond portfolio

In April 2015, under a mandate from the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU), KfW began to establish a green bond portfolio. The objective of this promotional mandate is to finance environmental protection and climate change mitigation measures, and also to contribute to the qualitative development of the green bond market. The green bond portfolio is a bond-only portfolio with a buy-and-hold approach. Its target volume is EUR 2 billion, which is due to be reached by 2022 at the latest.

The BMU's promotional mandate stipulates compliance with minimum criteria that align with the →Green Bond Principles (GBP). The minimum criteria refer to the accepted project categories (for example, renewable energy, resource efficiency, environmentally friendly transport projects and biodiversity), including the statement of objectives and expected impacts from projects, the process of project selection, funding

delimitation, reporting and qualified verification by a third party (for example, in the form of a "second-party opinion"). Furthermore, it is ensured that no funds are provided for measures intended for commercial power generation with nuclear energy or coal.

To comply with this, KfW checks for adherence to the minimum criteria before each investment and uses an internal assessment scheme to categorise green bonds. After each investment, KfW checks the reports. Based on the information provided by the respective issuer, KfW checks whether use of the funds is explained transparently and actually corresponds to the promotional aim. If the issuer fails to use the funds appropriately, KfW reserves the right to retract or terminate the investment.

Beyond that, KfW supports the qualitative development of the green bond market. The objective is to advance establishment of ambitious market standards for green bonds together with market participants such as issuers, independent third parties or market initiatives. The GBP play a particularly important role here. KfW is an investor representative on the GBP Executive Committee and is also a member of the "Green Projects Eligibility" and "Impact Reporting" task forces.

The BMU receives an annual report about market and portfolio development and the accompanying measures. The KfW Executive Board is informed about the portfolio's development on a monthly basis. As of 31 December 2018, the volume of the green bond portfolio was around EUR 1.3 billion.



KfW invests: the green bond portfolio has been increased to around EUR 1.3 billion

3. ABS promotional portfolio for the SME sector

KfW Group promotes financing for commercial enterprises via the capital market with the ABS promotional portfolio. On behalf of the German Federal Ministry for Economic Affairs and Energy, KfW invests in ABS and ABCP (Asset-Backed Commercial Papers) that directly or indirectly benefit SME-sector financing. Before each investment, an assessment is conducted as to whether the requirements in the mandate are fulfilled. As an anchor investor, KfW Group makes an active contribution to further development of capital-market-based SME-sector financing. As of 31 December 2018, the volume of the ABS promotional portfolio was around EUR 2.7 billion.

“Green Bonds – Made by KfW”

With its many years of experience and excellent capital market reputation, KfW also provides impetus as an issuer. KfW has been issuing its own green bonds since July 2014, offering investors the opportunity to specifically combine the security and liquidity typical of KfW bonds with promoting environmental protection and climate change mitigation. KfW is pursuing the objective of helping the green market segment to continue to grow with an increasing number of sustainably orientated investors and will provide further impetus for the development of environmental protection activities through high demand in future. In 2018, KfW issued four green bonds with a total volume of EUR 1.6 billion; the decline since last year (2017: EUR 3.7 billion) was based on lower demand within the underlying KfW promotional programme. With an outstanding volume of around EUR 14.5 billion by the end of 2018, KfW has managed to become Germany's largest issuer within the space of five years.

Transparency in how funds are used

KfW Group offers the highest degree of transparency with its “Green Bonds – Made by KfW”: the use of net proceeds is regularly monitored and published each quarter until full allocation.

In July 2018, KfW published its second extensive report on the environmental and social impacts of its green bonds, the [→Impact report for emissions in 2015 and 2016](#). Each EUR million invested in a KfW Green Bond from the years 2015/2016 financed projects in the “renewable energies” loan programme, leading to annual savings of over 860 and 790 tonnes of CO₂e respectively. Moreover, it helped to create and secure 16 jobs, save energy imports into Germany and prevent costs from fossil fuels in the amount of over EUR 47,000 and EUR 44,000 respectively for one year. External costs of over EUR 86,000 and EUR 81,000 respectively were avoided annually, for example, through the prevention of environmental damage and detrimental health issues. The next impact report for emission years 2017 and 2018 will take place in 2020. Both reports – use of funds and impact reporting – can be found on the [→Internet](#).

KfW has received multiple awards from leading industry publications for its transparency and successful efforts in the area of green bonds. In addition to its green bond approach, KfW received various distinctions for its reporting and was commended both as an issuer and for its green bond transactions.



KfW issues: four green bonds
with a volume of EUR
1.6 billion were issued in 2018

»»» Social engagement

How and why we help to support charitable causes

KfW is involved in a wide array of projects as a commitment to social cohesion in Germany and around the world. We run an in-house competition to reward employees for their voluntary work. The legally independent organisation KfW Stiftung addresses major social challenges – from responsible entrepreneurship and social commitment through to protection of the environment and climate, and promotion of arts and culture.



In 2018, KfW donated almost **EUR 179,000** to charitable initiatives



KfW Stiftung's promotion of socially innovative start-ups has reached around **160 entrepreneurs** since 2014



Frankfurt's Botanical Garden is currently propagating **15 species of plants** on the Red List of endangered species

Employee donations and initiatives

KfW and KfW IPEX-Bank employees have the opportunity to donate a portion of their monthly salary through the “spare cents” or “spare euros” initiative. This allows their salary to be paid out to be rounded down to the next full euro or five euros. In 2018, the donations from KfW staff amounted to EUR 36,000, and KfW topped it up by EUR 35,000. The money was used to support non-profit organisations that were suggested by employees and selected by the local staff councils in Frankfurt, Berlin and Bonn.

Employees at KfW IPEX-Bank donated a total of EUR 5,800 through the “spare cents” and “spare euros” initiatives, with the bank topping it up to create a total of EUR 12,000. This total was divided up by the staff council and donated to various social and cultural organisations. The “spare cents” and “spare euros” initiative is also open to DEG staff, who raised around EUR 1,700. The money helped to benefit two institutions, which DEG has been supporting since 2012 as part of a cooperation agreement with the Cologne-based volunteer agency Kölner Freiwilligen Agentur. During the Kölner FreiwilligenTage (Cologne volunteer days), DEG employees become involved in social projects twice a year – for example in schools, nursing homes, kindergartens or refugee facilities.

In total, KfW (including the Executive Board and the “spare cents” initiative) made donations amounting to close to EUR 179,000 to institutions in 2018, mainly in the social and cultural sectors. To keep the circle of recipients as large as possible, no single donation exceeded the sum of EUR 15,000. According to its donation guidelines, KfW does not provide financial support or other allowances to political parties or to organisations that are affiliated with parties.



Opportunities in Africa

A large number of KfW Group staff volunteer in a range of charitable projects, and receive active support from the company. An annual incentive for all staff who actively engage in social cohesion is the in-house “Project of the Year” competition, which was launched in 2011. Every year 40 colleagues present their projects and receive a prize of EUR 500 each from the company. The three most interesting projects are put to an employee vote and receive an additional bonus.

The 2018 Project of the Year was “Melkam Edil – Opportunities in Ethiopia”, put forward by Saskia Berling. The project offers the chance for children with difficult social backgrounds to receive an education at a Protestant community school in Ethiopia. Blind children are also included in lessons, making it a unique pilot project.

Second place was awarded to the Association to Promote Schooling and German Lessons in African Countries. It grants full scholarships to pupils in Togo, giving them access to a good education and also reducing financial strain on their families. The Main-Kinzig Association for People with Physical and Multiple Disabilities was awarded third place. Inclusion is its primary objective, using projects to bring together children with and without disabilities.



In 2018, KfW donated close to EUR 179,000 to charitable initiatives

KfW donations 2016–2018, in EUR

	2016	2017	2018
KfW (including the Executive Board)	147,250	105,400	142,960
Employees	33,400	33,550	35,990
Total	180,650	138,950	178,950

KfW Stiftung – providing impetus for society

The independent foundation →[KfW Stiftung](#) was established in 2012 and provides impetus for addressing the major social challenges of our time: environmental protection, climate change mitigation and adaptation, demographic change and globalisation. The non-profit, operationally active foundation has been stocked with capital of EUR 20 million. It supports initiatives in KfW Stiftung's four focus areas: responsible entrepreneurship, social commitment, environment and climate, and art and culture. It checks each of its projects for scalability with the explicit hope that others will copy and develop them further.

Responsible entrepreneurship

Our economy faces major challenges: both the progression of globalisation and demographic changes demand new thought-provoking impulses, innovative structures and creative ideas in many areas. KfW Stiftung believes that the main question for the economy of the future is how we can use entrepreneurial action to take social responsibility and address social problems.

One promising approach is social entrepreneurship, a new entrepreneurial movement of people who meet the challenges of social problems with business approaches that focus on the social impacts of their business activities and not on their own personal profit. Young people are particularly enthusiastic about unconventional solutions that offer alternative outlooks on professional life. KfW Stiftung supports this approach in different ways and by cooperating with a strong network of partners. One commonality shared by all the initiatives is that they provide skills that enable entrepreneurs to network and to develop socially innovative alternatives to economically oriented growth models.

Social Impact gGmbH's mission is to give the socio-entrepreneurial start-up movement the necessary tools and create fixed centres for networking. Together with KfW Stiftung and the JP Morgan Chase Foundation, the programmes →[AndersGründer](#) and [ChancenNutzer](#) were developed in 2014, and the first Social Impact Lab was opened in Frankfurt. During the eight-month-long programme, innovative entrepreneurs known as "AndersGründer" learn everything they need to develop a sustainable, socially innovative business model from experienced experts. An additional lab in Duisburg was established in 2015 with the Prof. Otto Beisheim Foundation and Franz Haniel & Cie GmbH as partners. Around 160 start-up initiatives have since been supported at both of these locations.

Around **160**

start-up initiatives have been mentored at the Social Impact Labs in Frankfurt and Duisburg since 2014

The second annual Special Impact Award – run by KfW Stiftung and Social Impact gGmbH – was a highlight of 2018. It is part of the grant and promotional programmes →“ANKOMMER. Perspektive Deutschland” and “AndersGründer”. Both programmes were implemented in the Social Impact Labs. The award has a total prize fund of EUR 45,000 and is presented in three categories: “ANKOMMER. Perspektive Deutschland”, “AndersGründer” and “Community”.

At the Social Entrepreneurship Akademie, a networking organisation of the four Munich universities, KfW Stiftung promotes the certificate programme for social innovation Gesellschaftliche Innovationen: kompakt, also known as SEA Start. In two-day intensive workshops, students from all disciplines learn the basic principles of social entrepreneurship and develop initial start-up ideas. Train-the-Trainer seminars for university staff help to scale this development opportunity to German and European universities. In Offenbach and Hanau, Germany, KfW Stiftung supports the association Social Business Women, which provides consulting services from women for women searching for new professional prospects in challenging life situations or with a migrant background.

Social commitment

To ensure the future viability of our society in view of its demographic development, KfW Stiftung supports projects that promote a strong and responsible society. The primary goals are to cultivate the conditions needed for social participation and to open up new perspectives.

One starting point for this is the “Milena” refugee café in Frankfurt-Bockenheim, which supports integration of female refugees. It is sponsored by MädchenbüroMilena e. V. (an association that supports girls) and the Linsenhoff-Stiftung and KfW Stiftung foundations. To meet increasing demand and perpetuate the project, both foundations will be promoting the Milena refugee café for four years. Many of the women and girls are from patriarchal societies or suffer from traumatic experiences. This kind of meeting place gives them the chance to learn German, build up a social network and familiarise themselves with the way of life and value system in Germany. Among other services, the MädchenbüroMilena also offers school-aged girls with a migrant background the chance for afternoon care and school and career guidance.

Since 2013, KfW Stiftung has promoted →Manege gGmbH in the Don Bosco Centre in Berlin-Marzahn, a point for meeting new people, counselling and preparing for vocational training. The childcare support system that was initially supported was expanded into an open specialist unit for educational and family counselling. Refugees and their families are also welcome and experience integration without barriers. Sports can also bring people together, improve confidence and self-worth, and promote inclusion. In light of this, KfW Stiftung has not only financed the construction of a sports park on Manege gGmbH’s premises but also supports an accompanying sports therapy programme. The new range of services is also complemented by health and nutrition guidance.

A management system for sports facilities is currently being developed with Special Olympics Deutschland e. V. for athletes with intellectual or physical disabilities to provide barrier-free access and independent orientation.



KfW Stiftung opened the door to more social participation at the Don Bosco Centre in Berlin

Environment and climate

KfW Stiftung promotes environmental protection and climate action measures that focus on biodiversity. The local, national and international projects contribute to preserving diversity of species. All projects aim to start a social dialogue about the issue of biodiversity and highlight its relevance in the context of maintaining a healthy climate.

In a project to cover multiple focus areas, KfW Stiftung is supporting the plant nursery run by the →EVIM Behindertenhilfe association in Hattersheim, Germany. The aim is to maintain and expand the habitat of wild plants local to the region in an effort to contribute to biodiversity. This project approach also gives people with limitations the opportunity to pursue satisfying and valuable work. In the Schlocker-Stiftung foundation's workshops, employees cultivate wild shrubs for natural gardens and advise customers on designing their gardens. The project also contributes to awareness about local plant life and its importance. Expanding the offerings is expected to create economic perspectives, safeguard jobs and thus ensure that true participation in life remains possible for people with limitations – a social, economic and ecological contribution that can serve as an example for other plant nurseries.

In its cooperation with the →Botanical Garden in Frankfurt, KfW Stiftung supports the preservation of endangered indigenous wild vegetation in Hesse, in particular. In this project, 15 species of plants on the endangered list, such as early sandgrass or Siberian iris, will first be bred on the grounds of the Botanical Garden and then resettled to locations within their natural habitat to reduce their vulnerability.

In 2018 the →Frankfurt Spring School was once again held with the Goethe University Frankfurt and the Frankfurt Zoological Society for biology and related fields. The aim of the course was to impart knowledge about operational nature conservation. Project development and planning methods were just as much part of the curriculum as budget planning, human resources work, communication and dealing with cultural challenges. KfW Stiftung enabled six grants for employees from national park authorities and conservation areas in Latin America, Africa and Asia. At the same time, the foundation provided funds for the projects developed by those receiving the grants, which the young park managers were able to apply for in a jury competition.



KfW Stiftung is currently helping to propagate 15 species of plants on the Red List of endangered species at Frankfurt Botanical Garden

Arts and culture

The focus of arts and cultural promotion is on intercultural dialogue in the global present. →KfW Stiftung creates platforms for international contemporary art to strengthen creativity, freedom of expression and the capacity for discourse, thus promoting cultural diversity. Together with partners, these platforms develop local projects and international programmes for art and producers of culture from Latin America, Africa, the Middle East and Asia.

The artists-in-residence programme in collaboration with Künstlerhaus Bethanien Berlin offers up-and-coming artists the opportunity to stay in Berlin for twelve months. The studio programme promotes international networking and development of individual projects, which are presented with an exhibition and a catalogue. In 2018, fellowships were awarded to Vartan Avakian (Lebanon), Ahmed Ghoneimy (Egypt), Elia Nurvista (Indonesia) and Andrés Pereira Paz (Bolivia).

With a curators-in-residence programme, KfW Stiftung offers outstanding up-and-coming curators the opportunity to stay in Germany for several months to promote intercultural exchange and discourse in exhibition practices. Two fellowships are awarded each year, one in collaboration with the Berlin artist programme from the German Academic Exchange

Service (DAAD) and another in cooperation with the Institut für Auslandsbeziehungen e. V. (ifa). The 2018 fellowships were awarded to Florencia Portocarrero (Peru), Bhavisha Panchia (South Africa) and Kwasi Ohene-Ayeh (Ghana).

The TransCuratorial Academy is an initiative that serves to strengthen exchange with KfW Stiftung alumni, offer a platform for international up-and-coming curators and facilitate discussions about key practical questions with experts. The 2018 academy event took place in Phnom Penh (Cambodia).

To strengthen cultural dialogue with the Arab world, KfW Stiftung and the Goethe-Institut run a short stories programme for up-and-coming writers in the Middle East. In 2018, writing workshops were held in Beirut, Cairo and Jericho, and events with young authors also took place in Germany.



Writing workshops in Beirut, Cairo and Jericho promote cultural dialogue with the Arab world

Glossary

ABS – Asset-Backed Securities: A form of financing in which payment claims (such as regularly recurring invoices) are collateralised, in other words given the form of a tradable security. The asset in this case is the invoice to be paid. Similarly, asset-backed commercial paper (ABCP) is a tradable money market instrument covered by a company's assets.

Anchor investor: KfW often acts as an anchor investor in an investment project. By becoming the first major investor, it dispels inhibitions among other potential investors.

Bank on-lending: The core of KfW's business model for domestic promotion: private and commercial promotional loans are not taken out directly from KfW but from the client's regular bank or a commercial one. This bank then forwards the applications to KfW and subsequently passes on the funds provided by KfW back to their client.

Best-in-Class approach: Under this investment strategy (for shares or > bonds), only the most sustainable companies in any sector are adopted into an investment portfolio.

Biodiversity: Diversity of species, genetic diversity and diversity of eco-systems. The destruction and fragmentation of natural habitats are a current threat to the existence of many species of flora and fauna. A great number of initiatives and international agreements aim to protect biodiversity.

Bonds: Fixed-interest long-term debt securities issued by public bodies or private companies, which are used to take out loans in the financial market (see also > Green Bonds).

CO₂ equivalents (CO₂e): The name used to refer to greenhouse gases that are not carbon dioxide (CO₂); their environmental impact is converted to a format that is comparable to CO₂ and can thus be added to a CO₂ balance sheet.

Compliance: A company's adherence to legal provisions and regulatory standards, as well as its own in-house rules and regulations.

Design Thinking: An approach used in innovation management that is based on the assumption that many problems are easier to solve if interdisciplinary teams work together in an environment conducive to creativity.

Diversity: The variety of people in the workforce in terms of gender, sexual orientation, age, nationality, religion, disability/ability, etc. This diversity allows for different perspectives and makes problems easier to solve thanks to a range of approaches.

Energy Star: US environmental certificate for energy-saving electrical appliances.

ERP – European Recovery Program: Originally introduced by the USA as a recovery programme for western Europe after the Second World War. The funds earmarked for economic development in Germany now take the form of the German Federal Government's ERP Special Fund, which is managed by KfW.

ESG: Environmental, Social, Governance – factors relating to the environment, society and corporate governance which, alongside financial figures, play a role in an > issuer's rating on the financial markets.

Fair-Trade labels: Quality labels issued by various organisations which use fixed criteria to test and certify the cultivation and trade of food produce from developing countries and emerging economies. "Fair trade" means that farmers normally receive higher financial income.

FC – Financial Cooperation: A central instrument in German development cooperation that aims to permanently improve the living standards of people in developing countries and emerging economies and also aims to protect the climate. KfW Development Bank has been responsible for FC on behalf of the German Federal Government since the 1960s.

Financial intermediaries: In international financial cooperation projects in developing countries and emerging economies, KfW works with local financial intermediaries, in other words local organisations which manage the project's committed funds on a fiduciary basis and are required to submit reports in accordance with defined criteria.

Global loan: A large-volume promotional loan issued by KfW to the promotional institutions of the German federal states, leasing companies and promotional banks in the EU. Under this scheme, KfW's business partners pass on the favourable interest rates to their own clients.

Governance: Normally used in the sense of "corporate governance": (responsible) corporate governance is based on executive and supervisory roles as well as generally accepted standards, such as the German Corporate Governance Code.

Green bonds: "Green" > bond means that the > investors require the issuers to use the funds received as a result of the bond's emission to finance measures that protect the environment and climate.

Greenhouse Gas Protocol/GHG Protocol: International standard for calculating greenhouse gas emissions, such as CO₂, and reporting on them. The GHG Protocol distinguishes between three areas (known as Scopes): Scope 1 covers all direct emissions from internal sources (e.g. combustion processes in industrial plants). Scope 2 refers to indirect emissions resulting from power, steam, heat and cooling power that is generated or purchased from outside the company. Scope 3 comprises all other indirect emissions, such as those generated from the transport of goods or business trips.

GRI – Global Reporting Initiative: An organisation based in Amsterdam, which has developed generally accepted but not legally binding guidelines on sustainability reporting in multi-stakeholder processes since 1999. Sustainability Reporting Standards, known as GRI Standards for short, have also applied since 2016.

Institutional liability: The legislative or constitutional legal liability of a public-law institution's owner to equip this legal entity with the resources needed to function through internal arrangements – in this case: the German state's responsibility for KfW Group.

Issuers: Companies or governments which float ownership interests (shares) or other securities (e.g. > bonds) in the financial market.

Leverage ratio: The relationship between equity and the total assets before it is weighted for risk.

SDGs – Sustainable Development Goals: 17 goals designed to promote sustainable development adopted in 2015 by the global community as part of the United Nations' 2030 Agenda (find out more [→here](#)).

Stakeholder: Collective term for social groups (or their representatives) who are impacted by a company's activities or who are able to influence a company's success. A distinction is often drawn between internal and external stakeholders. Internal stakeholders are groups such as employees, members of staff councils and shareholders; external stakeholders could be politicians and officials, non-governmental organisations, members of the media, etc.

Sustainable Finance: In general, a financial sector that is geared towards sustainability and in which financial institutions contribute to sustainable development. Launched in 2016, the EU Strategy on Sustainable Finance aims to ensure, among other things, that banks put more focus on ecological and social criteria in their investment strategy in the future and that they promote the real economy by issuing loans to sustainable companies.

Treasury: The management of investments; in KfW's case, the liquidity portfolio.

Venture Capital/Venture Debt: Time-limited investments in young, innovative, unlisted companies with an above-average growth potential despite currently insufficient earnings power.



Index

GRI and non-financial report

GRI content index



For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report. The service was performed on the German version of the report.

Disclosures	Page	Omission/comment
General information		
GRI 101: Foundation 2016		
GRI 102: General Disclosures 2016		
Organisational Profile		
GRI 102-1: Name of the organisation	p. 4	
GRI 102-2: Activities, brands, products, and services	p. 36-39	
GRI 102-3: Location of headquarters	p. 5	
GRI 102-4: Location of operations	p. 5	See also: → Corporate website
GRI 102-5: Ownership and legal form	p. 4, 5	
GRI 102-6: Markets served	p. 36-42	
GRI 102-7: Scale of the organisation	p. 56	
GRI 102-8: Information on employees and other workers	p. 58, 75-83	
GRI 102-9: Supply chain	p. 96, 97	
GRI 102-10: Significant changes to the organisation and its supply chain	p. 4	
GRI 102-11: Precautionary Principle or approach	p. 46, 47-53	
GRI 102-12: External initiatives	p. 16	
GRI 102-13: Membership of associations	p. 16	

Disclosures	Page	Omission/comment
Strategy		
GRI 102-14: Statement from senior decision-maker	p. 3	
GRI 102-15: Key impacts, risks, and opportunities	p. 6, 12, 13, 17-20, 30-31, 34, 39-40, 48-54, 66-67, 73-74	
Ethics and Integrity		
GRI 102-16: Values, principles, standards, and norms of behaviour	p. 26, 27, 31	
GRI 102-17: Mechanisms for advice and concerns about ethics	p. 32, 33	
Governance		
GRI 102-18: Governance structure	p. 25, 27, 28	
GRI 102-19: Delegating authority	p. 27, 28	
GRI 102-20: Executive-level responsibility for economic, environmental, and social topics	p. 25, 27, 28	
GRI 102-21: Consulting stakeholders on economic, environmental, and social topics	p. 15, 16	
GRI 102-22: Composition of the highest governance body and its committees	p. 25-27	
GRI 102-23: Chair of the highest governance body	p. 25-27	
GRI 102-24: Nominating and selecting the highest governance body	p. 25, 26	
GRI 102-25: Conflicts of interest	p. 25, 32	
GRI 102-26: Role of highest governance body in setting purpose, values, and strategy	p. 25, 27, 39	
GRI 102-27: Collective knowledge of highest governance body	p. 25, 26, 32, 71	
GRI 102-28: Evaluating the highest governance body's performance	p. 25	
GRI 102-29: Identifying and managing economic, environmental, and social impacts	p. 30, 39, 40	
GRI 102-30: Effectiveness of risk management processes	p. 29-31	
GRI 102-31: Review of economic, environmental, and social topics	p. 25, 26	
GRI 102-32: Highest governance body's role in sustainability reporting		This report has been checked and approved by the Executive Board and the Board of Supervisory Directors.

Disclosures	Page	Omission/comment
GRI 102-33: Communicating critical concerns	p. 30, 31	
GRI 102-34: Nature and total number of critical concerns	p. 15, 30, 31	
GRI 102-35: Remuneration policies	p. 25, 59, 60	
GRI 102-36: Process for determining remuneration	p. 25, 59, 60	
GRI 102-37: Stakeholders' involvement in remuneration	p. 25, 60	
GRI 102-38: Annual total compensation ratio		Individual employee salaries are protected as confidential information, and disclosure of this information, even for statistical evaluation, accordingly remains limited. Information about annual remuneration of the Executive Board can be found in the remuneration report.
GRI 102-39: Percentage increase in annual total compensation ratio		Individual employee salaries are protected as confidential information, and disclosure of this information, even for statistical evaluation, accordingly remains limited. Information about annual remuneration of the Executive Board can be found in the remuneration report.
Stakeholder engagement		
GRI 102-40: List of stakeholder groups	p. 15	
GRI 102-41: Collective bargaining agreements	p. 59-61, 76	
GRI 102-42: Identifying and selecting stakeholders	p. 15	
GRI 102-43: Approach to stakeholder engagement	p. 15, 16, 97	
GRI 102-44: Key topics and concerns raised	p. 15-20	
Reporting practice		
GRI 102-45: Entities included in the consolidated financial statements	p. 4	
GRI 102-46: Defining report content and topic boundaries	p. 4, 17, 20	
GRI 102-47: List of material topics	p. 18, 19	
GRI 102-48: Restatements of information	p. 4, 56	
GRI 102-49: Changes in reporting	p. 4	
GRI 102-50: Reporting period	p. 4	
GRI 102-51: Date of most recent report	p. 4	
GRI 102-52: Reporting cycle	p. 4	
GRI 102-53: Contact point for questions regarding the report	p. 122	

Disclosures	Page	Omission/comment
GRI 102-54: Claims of reporting in accordance with the GRI Standards	p. 4	
GRI 102-55: GRI content index	p. 110-120	
GRI 102-56: External assurance	p. 4	The report has not been externally audited.
Key topics		
GRI 200: Economy		
GRI 201: Economic Performance 2016		
GRI 103: Management Approach 2016 (including 103-1, 103-2, 103-3)		
GRI 201-1: Direct economic value generated and distributed	p. 56, 83, 103	
GRI 201-2: Financial implications and other risks and opportunities due to climate change	p. 39-41, 46	
GRI 201-3: Defined benefit plan obligations and other retirement plans	p. 83	
GRI 201-4: Financial assistance received from government		This standard disclosure does not apply to KfW Group as the promotional bank of the Federal Republic of Germany.
GRI 202: Market Presence 2016		
GRI 103: Management Approach 2016 (including 103-1, 103-2, 103-3)	p. 5, 39, 45, 96, 97	
GRI 202-1: Ratios of standard entry level wage by gender compared to local minimum wage		Not relevant because no significant part of the workforce is remunerated based on salaries that are subject to minimum wage regulations.
GRI 202-2: Proportion of senior management hired from the local community	p. 61	All of the managers at KfW Group locations outside Germany are seconded and employed in Germany. There are no guidelines on hiring local management.
GRI 203: Indirect Economic Impacts 2016		
GRI 103: Management Approach 2016 (including 103-1, 103-2, 103-3)	p. 53, 54	
GRI 203-1: Infrastructure investments and services supported	p. 36, 37, 42, 44, 47	
GRI 203-2: Significant indirect economic impacts	p. 30, 51, 53, 54, 100	
GRI 204: Procurement Practices 2016		
GRI 103: Management Approach 2016 (including 103-1, 103-2, 103-3)	p. 96, 97	
GRI 204-1: Proportion of spending on local suppliers	p. 96, 97	

Disclosures	Page	Omission/comment
GRI 205: Anti-corruption 2016		
GRI 103: Management Approach 2016 (including 103-1, 103-2, 103-3)	p. 30-33	
GRI 205-1: Operations assessed for risks related to corruption	p. 32, 97	
GRI 205-2: Communication and training about anti-corruption policies and procedures	p. 31, 32	
GRI 205-3: Confirmed incidents of corruption and actions taken		In the year under review, nine cases of fraud and/or corruption were reported by KfW.
GRI 206: Anti-Competitive Behaviour 2016		
GRI 103: Management Approach 2016 (including 103-1, 103-2, 103-3)		KfW itself is a public promotional bank that promotes the economy, society and environment in Germany, Europe and the world. It operates in ways that are competitively neutral and therefore does not intervene in banking competition. The promotional mandate determined by the state is anchored in the KfW Law. KfW IPEX-Bank GmbH – a wholly owned subsidiary of KfW – is an independent financial institution operating on commercial principles in the market. DEG exclusively and directly pursues non-profit objectives.
GRI 206-1: Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices		See Management Approach 206; no legal proceedings related to anti-competitive conduct have been filed against KfW IPEX-Bank.
GRI 300: Environment		
GRI 301: Materials 2016		
GRI 103: Management Approach 2016 (including 103-1, 103-2, 103-3)	p. 85, 92	
GRI 301-1: Materials used by weight or volume	p. 92	
GRI 301-2: Recycled input materials used	p. 92	
GRI 301-3: Reclaimed products and their packaging materials		Not relevant because KfW Group does not produce anything with such packaging material.
GRI 302: Energy 2016		
GRI 103: Management Approach 2016 (including 103-1, 103-2, 103-3)	p. 85, 86	
GRI 302-1: Energy consumption within the organisation	p. 87	
GRI 302-2: Energy consumption outside of the organisation	p. 88, 89	
GRI 302-3: Energy intensity	p. 87-89	
GRI 302-4: Reduction of energy consumption	p. 89	
GRI 302-5: Reductions in energy requirements of products and services		It is not possible to demonstrate the reduction in energy consumption per product or service in a bank.

Disclosures	Page	Omission/comment
GRI 303: Water 2016		
GRI 103: Management Approach 2016 (including 103-1, 103-2, 103-3)	p. 85, 93	
GRI 303-1: Water withdrawal by source	p. 93	
GRI 303-2: Water sources significantly affected by withdrawal of water		No groundwater is removed from protected areas.
GRI 303-3: Water recycled and reused	p. 93	KfW processes neither waste water nor sewage itself.
GRI 304: Biodiversity 2016		
GRI 103: Management Approach 2016 (including 103-1, 103-2, 103-3)	p. 49, 86, 105	
GRI 304-1: Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas		For a financial institution such as KfW Group, this indicator is irrelevant.
GRI 304-2: Significant impacts of activities, products, and services on biodiversity	p. 47, 86, 105	
GRI 304-3: Habitats protected or restored		For a financial institution such as KfW Group, this indicator is irrelevant.
GRI 304-4: IUCN Red List species and national conservation list species with habitats in areas affected by operations		For a financial institution such as KfW Group, this indicator is irrelevant.
GRI 305: Emissions 2016		
GRI 103: Management Approach 2016 (including 103-1, 103-2, 103-3)	p. 85, 90	
GRI 305-1 Direct (Scope 1) GHG emissions	p. 90, 91	
GRI 305-2: Energy indirect (Scope 2) GHG emissions	p. 90, 91	
GRI 305-3: Other indirect (Scope 3) GHG emissions	p. 90, 91	
GRI 305-4: GHG emissions intensity	p. 90, 91	
GRI 305-5: Reduction of GHG emissions	p. 90	
GRI 305-6: Emissions of ozone-depleting substances (ODS)		None.
GRI 305-7: Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions		The combustion installations used by KfW are subject to annual statutory inspections. The measurement and recording of NOx and SOx readings is not required by law due to the building size and due to the fuels used (natural gas and wood pellets).

Disclosures	Page	Omission/comment
GRI 306: Effluents and Waste 2016		
GRI 103: Management Approach 2016 (including 103-1, 103-2, 103-3)	p. 85, 94, 95	
GRI 306-1: Water discharge by quality and destination	p. 94	
GRI 306-2: Waste by type and disposal method	p. 95, 96	
GRI 306-3: Significant spills		None.
GRI 306-4: Transport of hazardous waste		Due to the relatively small amount, KfW does not distinguish between hazardous waste in terms of the type of transportation and treatment.
GRI 306-5: Water bodies affected by water discharges and/or runoff		None.
GRI 307: Environmental Compliance 2016		
GRI 103: Management Approach 2016 (including 103-1, 103-2, 103-3)	p. 31	
GRI 307-1: Non-compliance with environmental laws and regulations		None.
GRI 308: Supplier Environmental Assessment 2016		
GRI 103: Management Approach 2016 (including 103-1, 103-2, 103-3)	p. 96, 97	
GRI 308-1: New suppliers that were screened using environmental criteria		Because the definition and, as a result, the group of suppliers which were surveyed on environmental criteria changed in 2019, a response is not required.
GRI 308-2: Negative environmental impacts in the supply chain and actions taken	p. 97	
GRI 400: Social		
GRI 401: Employment 2016		
GRI 103: Management Approach 2016 (including 103-1, 103-2, 103-3)	p. 58	
GRI 401-1: New employee hires and employee turnover	p. 58, 79, 80	Details about employee turnover and new employee hires according to region are not surveyed. The key figures are not relevant for management as the majority of our employees are in Germany. Turnover by age group is also not recorded at KfW Group.
GRI 401-2: Benefits provided to full-time employees that are not provided to temporary or part-time employees	p. 59-61	
GRI 401-3: Parental leave	p. 81	

Disclosures	Page	Omission/comment
GRI 402: Labour/Management Relations 2016		
GRI 103: Management Approach 2016 (including 103-1, 103-2, 103-3)	p. 59-61	
GRI 402-1: Minimum notice periods regarding operational changes	p. 61	
GRI 403: Occupational Health and Safety 2016		
GRI 103: Management Approach 2016 (including 103-1, 103-2, 103-3)	p. 73, 74	
GRI 403-1: Workers representation in formal joint management-worker health and safety committees	p. 74	
GRI 403-2: Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	p. 74, 83	A breakdown by gender is not recorded for this indicator. As temporary workers do not make up a significant percentage of the overall workforce, this indicator is not recorded for this employee group.
GRI 403-3: Workers with high incidence or high risk of diseases related to their occupation	p. 74	
GRI 403-4: Health and safety topics covered in formal agreements with trade unions	p. 74	
GRI 404: Training and Education 2016		
GRI 103: Management Approach 2016 (including 103-1, 103-2, 103-3)	p. 70-72	
GRI 404-1: Average hours of training per year per employee	p. 71, 80	
GRI 404-2: Programs for upgrading employee skills and transition assistance programs	p. 71, 72	
GRI 404-3: Percentage of employees receiving regular performance and career development reviews	p. 71	
GRI 405: Diversity and Equal Opportunity 2016		
GRI 103: Management Approach 2016 (including 103-1, 103-2, 103-3)	p. 62-69	
GRI 405-1: Diversity of governance bodies and employees	p. 64, 65, 69, 79, 81, 82	KfW Group does not record the age groups of its employees unless they are new employees.
GRI 405-2: Ratio of basic salary and remuneration of women to men	p. 60	Individual employee salaries are protected as confidential information, and disclosure of this information, even for statistical evaluation, accordingly remains limited at KfW Group.

Disclosures	Page	Omission/comment
GRI 406: Non-Discrimination 2016		
GRI 103: Management Approach 2016 (including 103-1, 103-2, 103-3)	p. 62-65, 68-70	
GRI 406-1: Incidents of discrimination and corrective actions taken	p. 70	There were no known cases of discrimination in the reporting period.
GRI 407: Freedom of Association and Collective Bargaining 2016		
GRI 103: Management Approach 2016 (including 103-1, 103-2, 103-3)	p. 59-61	
GRI 407-1: Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	p. 61	
GRI 408: Child Labour 2016		
GRI 103: Management Approach 2016 (including 103-1, 103-2, 103-3)	p. 96, 97	
GRI 408-1: Operations and suppliers at significant risk for incidents of child labour	p. 96, 97	As a matter of course, KfW recognises all ILO core labour standards in all of its international representative offices and in Germany. Specifically, it complies with international conventions for eliminating forced labour, and prohibition and immediate measures to eliminate child labour.
GRI 409: Forced or Compulsory Labour 2016		
GRI 103: Management Approach 2016 (including 103-1, 103-2, 103-3)	p. 96, 97	
GRI 409-1: Operations and suppliers at significant risk for incidents of forced or compulsory labour	p. 96, 97	As a matter of course, KfW recognises all ILO core labour standards in all of its international representative offices and in Germany. Specifically, it complies with international conventions for eliminating forced labour, and prohibition and immediate measures to eliminate child labour.
GRI 411: Rights of Indigenous Peoples 2016		
GRI 103: Management Approach 2016 (including 103-1, 103-2, 103-3)	p. 53	
GRI 411-1: Incidents of violations involving rights of indigenous peoples	p. 52, 53	
GRI 412: Human Rights Assessment 2016		
GRI 103: Management Approach 2016 (including 103-1, 103-2, 103-3)	p. 48, 49, 52, 53	

Disclosures	Page	Omission/comment
GRI 412-1: Operations that have been subject to human rights reviews or impact assessments		As a matter of course, KfW recognises all ILO core labour standards in all of its international representative offices and in Germany. Specifically, it complies with international conventions for eliminating forced labour, and prohibition and immediate measures to eliminate child labour.
GRI 412-2: Employee training on human rights policies or procedures	p. 49	
GRI 412-3: Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	p. 49, 98, 99	
GRI 413: Local Communities 2016		
GRI 103: Management Approach 2016 (including 103-1, 103-2, 103-3)	p. 102-106	
GRI 413-1: Operations with local community engagement, impact assessments, and development programmes	p. 102-106	Limited to the topic "community development programmes". The remaining aspects of this standard are not applicable in light of the locations in Germany and for in-house banking operations.
GRI 413-2: Operations with significant actual and potential negative impacts on local communities		This indicator is not applicable for KfW Group and for in-house banking operations.
FS14: Initiatives to improve access to financial services for disadvantaged people	p. 54, 55	
GRI 414: Supplier Social Assessment 2016		
GRI 103: Management Approach 2016 (including 103-1, 103-2, 103-3)	p. 96, 97	
GRI 414-1: New suppliers that were screened using social criteria	p. 97	Because the definition and, as a result, the group of suppliers who were surveyed on social criteria changed in 2019, a response is not required.
GRI 414-2: Negative social impacts in the supply chain and actions taken	p. 97	
GRI 415: Public Policy 2016		
GRI 103: Management Approach 2016 (including 103-1, 103-2, 103-3)	p. 33	
GRI 415-1: Political contributions	p. 33	
GRI 417: Marketing and Labelling 2016		
GRI 103: Management Approach 2016 (including 103-1, 103-2, 103-3)	p. 54, 55	
GRI 417-1: Requirements for product and service information and labeling		For a financial institution such as KfW Group without a network of branches or investment products for private clients, this indicator is irrelevant.
GRI 417-2: Incidents of non-compliance concerning product and service information and labeling		None.
GRI 417-3: Incidents of non-compliance concerning marketing communications		None.

Disclosures	Page	Omission/comment
GRI 418: Customer Privacy 2016		
GRI 103: Management Approach 2016 (including 103-1, 103-2, 103-3)	p. 33	
GRI 418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data	p. 33	KfW reported two privacy breaches to the relevant controlling authority in 2018: one case in the employee and one case in the customer/business partner environment. In both cases appropriate measures for elimination were initiated and implemented in a timely manner.
GRI 419: Socioeconomic Compliance 2016		
GRI 103: Management Approach 2016 (including 103-1, 103-2, 103-3)	p. 30-33	
GRI 419-1: Non-compliance with laws and regulations in the social and economic area		None.
Product portfolio		
GRI 103: Management Approach 2016 (including 103-1, 103-2, 103-3)	p. 5, 39, 48, 49	
FS6: Percentage of the portfolio for business lines by specific region, size (e.g. micro-/SME/large) and by sector	p. 41, 42	
FS7: Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	p. 43-47	
FS8: Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	p. 43-47, 98-100	

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¹ This title has been adjusted after the megatrends were renamed in 2018.

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